AJL: 23-32 0856-B-03 PREX 7.10:FBIS-EAS-

For Official Use Only

91-007-A

FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

Annex

East Asia

The information printed on these Annex pages preceding and following the standard Daily Report cover bears the caveat FOR OFFICIAL USE ONLY. Users may detach the outer pages and treat the Daily Report as unclassified and unrestricted.

FBIS-EAS-91-007-A
Thursday
10 January 1991

For Official Use Only

JB 99-014418

COMPLETED

East Asia
ANNEX

FBIS-EAS-91-007-A CONTENTS *10 January 1991*

NOTICE TO READERS: As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

ANNEX

Japan

Kaifu Seeks Renewed Cabinet Exchanges With PRC *[JIJI]* 1
    Hashimoto To Meet Li Peng *[JIJI]* 1
    Visit Previewed *[JIJI]* 1
Kaifu To Apologize to ASEAN for Wartime Acts *[JIJI]* 1
    Spokesman on ASEAN Visit *[JIJI]* 2
Nakayama To Meet USSR's Gorbachev 23 Jan *[JIJI]* 2
Ministry To Support USSR's IMF Membership *[ASAHI EVENING NEWS 8 Jan]* 2
Business Leaders Debate Aid to USSR *[ASAHI EVENING NEWS 8 Jan]* 2
    News Conference on Cooperation *[JIJI]* 3
Executive: No Compromise With USSR on Islands *[JIJI]* 3
JCP Issues Statement on Baker-'Aziz Talks *[JPS]* 4
Envoy to Saudi Arabia Reviews Gulf Situation *[MANINICHI SHIMBUN 3 Jan]* 4
Saudi Arabia To Change Oil Pricing Methods *[MAINICHI DAILY NEWS 6 Jan]* 4
LDP, Opposition Diplomatic Cooperation Urged *[THE DAILY YOMIURI 3 Jan]* 5
JSP's Doi Meets With DSP Chairman Ouchi *[ASAHI SHIMBUN 27 Dec]* 5
NHK Executive in Tokyo Governors Race *[JIJI]* 6
Ministers Review Trade Liberalization *[NIHON KEIZAI SHIMBUN 31 Dec]* 6
MITI Prepares Asian Economic Cooperation Plan *[MAINICHI DAILY NEWS 6 Jan]* 7
Minister Notes Drop in Food Self-Sufficiency *[JIJI]* 8
Measures to Prevent Construction *Dango* *[EKONOMISUTO 20 Nov]* 8
* MPT Plans For First Public Works Projects *[SHUKAN DAIYAMONDO 17 Nov]* 12
Patent Review Delays, Opening of Markets *[TSUSAN JANARU Nov]* 13

Mongolia

MONTSAME Reviews 9 Jan Press *[MONTSAME to BAKHTAR]* 14

Japan

Kaifu Seeks Renewed Cabinet Exchanges With PRC

OW0701143791 Tokyo JIJI in English 1305 GMT 7 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 7 (JIJI PRESS)—Prime Minister Toshiki Kaifu Monday indicated that Japan and China will resume full-fledged exchanges of cabinet members.

Many Western countries are beginning to review their stance toward Beijing and China, for its part, recently sent Foreign Minister Qian Qichen to the United States, Kaifu said when he was asked by a reporter if the upcoming trip to China by Finance Minister Ryutaro Hashimoto means the resumption of full-scale exchanges of cabinet members between the two countries.

In a coordinated step with advanced Western nations, the Japanese Government has maintained the policy of freezing exchanges of ranking officials with China since Beijing's massive anti-democracy crackdown in Tiananmen Square in June 1989.

Hashimoto plans to visit Beijing for three days from Tuesday for talks with Chinese leaders, including Premier Li Peng and Finance Minister Wang Bingqian.

Based on these talks, he is expected to press other Western industrial nations to accept China back into the international community at a meeting of Group of Seven finance ministers and central bank governors in New York planned for around Jan. 20.

Informed sources said the government is considering trips to China by Kaifu and Foreign Minister Taro Nakayama.

Hashimoto To Meet Li Peng

OW0701141991 Tokyo JIJI in English 1351 GMT 7 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 7 (JIJI PRESS)—Finance Minister Ryutaro Hashimoto will meet with Chinese Premier Li Peng in Beijing Wednesday, government sources said Monday night.

Hashimoto, who will visit China for four days from Tuesday, will hold talks Thursday with other Chinese leaders including State Education Commission Minister Li Tieying and State Planning Commission Minister Zou Jiahua, the sources said.

A meeting with Communist Party General Secretary Jiang Zemin is unlikely because Jiang will not be in Beijing during Hashimoto's stay there, they said.

Visit Previewed

OW0801132691 Tokyo JIJI in English 1230 GMT 8 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 8 (JIJI PRESS)—Finance Minister Ryutaro Hashimoto said Tuesday the Gulf situation, financial support for the Soviet Union and currency issues will be high on the agenda at a Group of Seven monetary meeting expected to be held in New York around Jan. 20.

Finance ministers and central bankers of the G-7 key industrial nations will discuss financial assistance to the Soviet Union on the basis of a study recently made on the Soviet economy by the International Monetary Fund (IMF) and three other international organizations, Hashimoto said at a press conference after the day's cabinet meeting.

Exchange rates, which are fluctuating narrowly on the world's currency markets amid uncertainties over the Persian Gulf situation, will also be among the major topics of the G-7 meeting, Hashimoto said.

Hashimoto said he has notified G-7 nations of his visit to China Tuesday through Thursday via the Foreign Ministry.

Hashimoto indicated his visit to China represents an initial step toward resuming full-fledged exchange of visits with China by high- ranking Western government officials.

The United States and its major allies suspended visits by their ranking officials to China in a punitive measure against Beijing's military crackdown on pro-democracy demonstrators in June 1989.

The finance minister said he will brief G-7 finance ministers and central bankers on the outcome of his China visit during the G-7 session.

Hashimoto said he is aware of China's hope that Japan will allow municipal-level entities to issue debts in the Japanese capital market. There is no major pending issue in this regard, but Japan is prepared to do what it can, he added.

Kaifu To Apologize to ASEAN for Wartime Acts

OW0701150091 Tokyo JIJI in English 1423 GMT 7 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 7 (JIJI PRESS)—Prime Minister Toshiki Kaifu will apologize for Japan's conducts during World War II in Southeast Asia during his tour of the region from next Sunday, government sources said Monday.

Kaifu will make the apology to member countries of the Association of Southeast Asian Nations (ASEAN) in a speech in Bangkok, in consideration of lingering fears among those countries that Japan might become a military superpower again, the sources said.

Kaifu will visit five of the six ASEAN members—Malaysia, Singapore, Brunei, the Philippines and Thailand—to seek common ground with Asian nations toward the 21st century with a view to spreading shifts from confrontation to dialogue which are taking place in Europe to Asia, the sources said. The prime minister already visited Indonesia in May last year on his way home from a tour of Southwest Asia.

Kaifu will be the first Japanese Prime Minister to visit Southeast Asia since former Prime Minister Noboru Takeshita's visit in 1989.

His speech in Bangkok will point out such new moves as the first ASEAN leader's visit to Vietnam made by Indonesian President Suharto last November and restoration of full diplomatic relations with China by Indonesia and Singapore, the sources said.

Kaifu will welcome ASEAN's active role in solving problems in Asia and offer Japan's joint efforts for ASEAN and Indochinese countries to form new relations, they said.

Kaifu will also emphasize Japan's readiness to cooperate in rebuilding Cambodia after its civil war ends at a time when countries concerned are making final preparations to hold a peace conference on Cambodian peace in Paris, they said.

Spokesman on ASEAN Visit

OW0701152591 Tokyo JIJI in English 1423 GMT 7 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 7 (JIJI PRESS)—The planned visit to five Southeast Asian nations by Prime Minister Toshiki Kaifu would be canceled or cut short if a war broke out in the Persian Gulf, the top government spokesman indicated Monday.

Chief Cabinet Secretary Misoji Sakamoto told reporters future developments in the Gulf could adversely affect Kaifu's trip. How the Gulf situation will change has the key, he said.

Kaifu plans to visit five of the six Association of Southeast Asin Nations (ASEAN) members—Malaysia, Singapore, Brunei, the Philippines and Thailand—for eight days from next Sunday.

The prime minister, meanwhile, expressed hope Monday that Iraq will soften its tough attitude toward the United States following direct dialogue between U.S. Secretary of State James Baker and Iraqi Foreign Minister Tariq 'Aziz planned for Wednesday in Geneva.

Nakayama To Meet USSR's Gorbachev 23 Jan

OW0801151091 Tokyo JIJI in English 1436 GMT 8 Jan 91—FOR OFFICIAL USE ONLY

[Text] Moscow, Jan. 8 (JIJI Press)—President Mikhail Gorbachev will meet with Japanese Foreign Minister Taro Nakayama Jan. 23, the president's spokesman announced Tuesday.

They are expected to discuss issues concerning Gorbachev's planned visit to Japan in April at the meeting, Vitaliy Ignatenko said.

Ignatenko also confirmed that Gorbachev will meet with Japan's parliamentary delegation led by House of Councillors President Yoshihiko Tsuchiya Wednesday morning.

Ministry To Support USSR's IMF Membership

OW1001065291 Tokyo ASAHI EVENING NEWS in English 8 Jan 91 p 1—FOR OFFICIAL USE ONLY

[Text] The Finance Ministry has decided to support a U.S. proposal to let the Soviet Union join the International Monetary Fund (IMF), the World Bank and other international monetary organs as a special member.

Finance Minister Ryutaro Hashimoto will convey this decision to each of the member countries of the Group of Seven (G-7) at a New York meeting of their finance ministers and central bank governors scheduled to be held around Jan. 20.

The U.S. proposal calls for the provision of economic reform know-how for the Soviet Union through the IMF and the World Bank.

Japan is thus set to pave the way for the special participation of Moscow in the international monetary organs, to be followed by fullfledged participation, while watching the Soviet economy transfer to a market economy.

Washington wants the IMF and the World Bank to offer the Soviet Union, as a special member, advice on transportation, distribution and energy policies, in addition to advice on fiscal and monetary policies.

Business Leaders Debate Aid to USSR

OW1001070391 Tokyo ASAHI EVENING NEWS in English 8 Jan 91 p 4—FOR OFFICIAL USE ONLY

[Text] The new head of the Federation of Economic Organizations (Keidanren) Monday urged Japan to extend economic support for the Soviet Union despite a bilateral territorial dispute.

"An improvement in the Soviet economy is becoming a point (of importance) for world peace," said Keidanren Chairman Gaishi Hiraiwa. "Japan should extend support with all its restriction." [sentence as published]

He said Japan's economic cooperation would lead to better bilateral ties, which would then help settle the dispute over the four Soviet-held islands off eastern Hokkaido.

Hiraiwa made the remark at a customary New Year news conference by the heads of the four major economic organizations.

His call, however, met with opposition or reservations from the three other leaders.

Eiji Suzuki, president of the Japan Federation of Employers' Associations (Nikkeiren), admitted humanitarian aid and help for economic reform are necessary, but asserted: "Given the Soviet domestic situation, we should not take an optimistic view that aid would lead to the return of the four islands."

While stressing prospective benefits to each other from improved ties, Rokuro Ishikawa, chairman of the Japan Chamber of Commerce and Industry, was also cautious about starting full-scale economic cooperation with the thorn still in the side.

Meanwhile, Hiraiwa disclosed that Keidanren, the Japan-Soviet Business Cooperation Committee and other organizations will jointly send 50 million yen worth of medical aid to the Soviet Union shortly.

News Conference on Cooperation

OW0701183691 Tokyo JIJI in English 1332 GMT 7 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 7 (JIJI PRESS)—Top teaders of Japan's four major business organizations said Monday they expect no full-fledged private-sector cooperation for the Soviet Union, pending the solution of the territorial question.

The leaders, including Chairman Gaishi Hiraiwa of the Federation of Economic Organizations (Keidanren), gave the view at a joint press conference held after a New Year party that brought together some 2,000 business representatives at a Tokyo hotel.

Hiraiwa told the press that no big economic projects are likely to be undertaken between the two countries unless an obstacle called the territorial problem is removed.

Takashi Ishihara, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said cooperation projects are already under way in timber, fishery and some other fields, but they are quite different in nature from full-scale cooperation between the two countries.

Rokuro Ishikawa, president of the Japan Chamber of Commerce and Industry, said although his organization intends to extend assistance to the Soviet Union where appropriate, the biggest issue is to normalize bilateral relations by concluding a peace treaty. Tokyo insists that the solution of the territorial question is prerequisite for the conclusion of the treaty which would formally put an end to the state of war between the two nations.

Eiji Suzuki, president of the Japan Federation of Employers' Associations (Nikkeiren), told the press conference Japan should not dream a rosy dream that its economic assistance will result in the return of four northern islands, held by the Soviet troops since the end of World War II.

The leaders of the four organizations, however, showed intentions to maintain existing cooperative relationships with the Soviet Union.

They also revealed that at Keidanren's initiative, 50 million yen worth of medicines will be supplied to the Soviet Union as emergency assistance within this month.

Debate over Japan's stepped-up economic assistance for the Soviet Union has been heating up with Soviet President Mikhail Gorbachev scheduled to visit Japan in April.

The matter is also expected to be taken up at the 13th meeting of the private Japan-Soviet Business Cooperation Committee to be held in Tokyo late this month.

On Japan's roles to play in the international community, Doyukai's Ishihara called on the government to show some positive stance on agriculture to help break the impasse of the Uruguay Round multilateral talks on freer world trade.

Japan Chamber President Ishikawa warned that Japan's contributions only in the form of money, as seen so far in its assistance for resolving the Middle East crisis, would end up inviting complaints from the rest of the world.

Executive: No Compromise With USSR on Islands

OW0801140791 Tokyo JIJI in English 1312 GMT 8 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 8 (JIJI PRESS)—Japanese businesses will not compromise over the territorial dispute between Japan and the Soviet Union just for the sake of expanded trade with that country, an influential business leader said Tuesday.

Any compromise proposals over the four Japanese-claimed islands in the northwestern Pacific ignore public sentiment in Japan, Takashi Ishihara, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said at a press conference.

Ishihara was referring to proposals, as advocated in some Japanese and Soviet quarters, that two of the four islands be returned first or that the islands be put under joint control of the two countries.

The return of the four islands occupied by the Soviet Union in the closing days of World War II has been a continuing demand of Japan throughout the postwar period, Ishihara pointed out.

He said he finds no reason for Japan to compromise over the issue.

Japanese firms do not feel threatened that they might lose the Soviet market to other foreign firms if Japan now fails to step forward and deepen economic and trade cooperation with the Soviet Union, Ishihara said.

On other matters, Ishihara urged listed companies to pay higher dividends and take other measures to better treat shareholders, warning that no viable stock market can exist without participation of the investing public.

JCP Issues Statement on Baker-'Aziz Talks

OW1001100591 Tokyo JPS in English 0915 GMT 10 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo Jan 10 JPS—On the result of the talks between the U.S. and Iraqi foreign ministers, the head of the Japanese Communist Party's [JCP] International Commission, Mutsumi Sasaki, issued a statement on the morning of January 10 (Japanese Standard Time). The statement follows:

1. Long talks were held between the U.S. Secretary of State James Baker and the Iraqi Foreign Minister Tariq 'Aziz on January 9 in Geneva, in which the two parties only stated their respective positions. The Iraqi aggression and annexation of Kuwait is absolutely unpardonable. On the other hand, the U.S. Government's attempts to counter the aggression and annexation by military action without making all possible efforts for a peaceful settlement, is not rational. Neither position can win the support of the world forces aspiring peace and for defense of the right to national self- determination. It is no wonder that the talks ended with such a result.

2. The root cause of the problem is Iraqi aggression and its annexation of Kuwait. We again demand that the Saddam Husayn regime of Iraq withdraw from Kuwait immediately and unconditionally, and restore the sovereignty of Kuwait. In a situation in which the Husayn regime is unjustifiably rejecting this natural demand of the international community, the whole world should sincerely concentrate its energy to strengthen public opinion to resolutely denounce this, and work for a peaceful solution of the problem by further thoroughgoing economic sanctions.

3. The U.S. Government should stop immediately its war plans, which could lead to global catastrophe. Not only wide sections of U.S. people, but the majority of the people of the world are opposed to this. The Husayn regime cannot be forced into a corner by such a means. The result of the talks have shown this.

4. The way to curb Iraqi hegemony is not by any means, U.S. hegemony, which counts itself as the "world gendarme," but by a rational response of the whole international community. From this standpoint, the JCP demands that the Kaifu cabinet ends its subordination, cooperation, and support for the U.S. war policy, and makes efforts to call for the unity of Japanese and international public opinion to settle the question peacefully.

Envoy to Saudi Arabia Reviews Gulf Situation

OW0801125691 Tokyo MAINICHI SHIMBUN in Japanese 3 Jan 91 Morning Edition p 3—FOR OFFICIAL USE ONLY

[By Hiroshi Fuse]

[Text] Daran, 2 Jan—Takashi Onda, the Japanese ambassador to Saudi Arabia, in a recent MAINICHI SHIMBUN interview, observed that the situation in the Gulf is extremely fluid. While admitting that there are strong efforts being made toward a peaceful resolution of the Gulf crisis, he noted that there is no guarantee that Iraq will necessarily make a rational choice (of avoiding war). He described Iraq as resorting to a "policy poised on the edge of a cliff."

In the interview, Ambassador Onda said: "A leader who makes a mistake fatal to his nation is bound to end up paying for it." He added that if Iraq chooses to have a showdown with the multinational forces, "Iraq will suffer a grave blow; the possibility that the Husayn government will remain in power is questionable."

While it is rational to think that Iraq will eventually withdraw from Kuwait in response to the international community's demands, Ambassador Onda said: "Iraq is postponing until the last moment a final choice on whether to avoid an attack by the multinational forces. There is no guarantee that a nation, which follows a policy of standing on the edge of a cliff, will make a rational choice. There is the possibility that the situation will turn to war." He thus stressed that the current situation is precarious.

On developments after 15 January, the UN deadline for Iraq's withdrawal, Ambassador Onda stated: "The United States' position is that if Iraq does not withdraw from Kuwait, it should be driven out. This is also a matter which concerns the reputation of the United Nations. There will probably be no other choice for the United States but to take (military) action after the deadline."

Saudi Arabia To Change Oil Pricing Methods

OW0701093391 Tokyo MAINICHI DAILY NEWS in English 6 Jan 91 p 7—FOR OFFICIAL USE ONLY

[Text] Saudi Arabia will change the pricing method for its crude oil exports to Japan from February in a move to narrow the gap between costly light crude and cheaper heavy crude, according to industry sources.

The sources said the major oil exporter will lower the prices of its contracted exports of heavily-demanded light crude, while raising heavy crude prices, which have been lower in cost than the spot prices.

The change in the pricing formula, the first in three months, will be made in consideration of dwindling demand for crude oil toward the spring, they said.

The sources said Saudi Arabia has informed them that its super light crude, Arabian Extra Light, will be priced 2.35 dollars higher than the average monthly spot prices of Oman and Dubai crudes. At present, the price is set 2.50 dollars above the average spot price.

The price of Arabian Heavy, meanwhile, will be set at the average spot price minus 2.15 dollars, instead of the current 3 dollars.

Meanwhile, Saudi Arabia, Iran, and other leading oil exporters lowered the prices of their crude shpiments to Japan in December by around 5 dollars. the sources said.

Following a 4.70 dollar-per-barrel drop in the spot benchmark Dubai crude amid slower demand, Saudi Arabi cut the export price of its Arabian Light and Arabian Heavy by 4.69 dollars each from the November shipments to 24.48 dollars and 20.48 dollars per barrel in December.

Iranian Light fell 4.70 dollars to 24.11 dollars, while Iranian Heavy was down 4.67 dollars to 23.46 dollars, they said.

Murban from the United Arab Emirates was priced at 25.55 dollars, a 5.05 dollar drop from the November export price, according to the sources.

LDP, Opposition Diplomatic Cooperation Urged

OW0401135391 Tokyo THE DAILY YOMIURI in English 3 Jan 91 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 3 January editorial: "Politics and Diplomacy"]

[Text] It is essential for Prime Minister Toshiki Kaifu to carry out political reform in the new year to build a better foundation to deal with rapidly changing and difficult developments both domestically and overseas.

The Liberal Democratic Party [LDP] last year adopted its outline on political reform calling for the replacement of the multi-seat constituency system for the House of Representatives with a single-seat and proportional representation system. Kaifu has staked his political fate on instituting this reform.

But there is strong opposition within the LDP against the outline. For their part, the opposition parties at the moment are only watching developments within the ruling party. This attitude is wrong. The opposition parties should join forces with the LDP to pass an election reform bill before the next general election.

The LDP is introducing the new system to eliminate the multi-seat constituency system where candidates compete with huge amounts of money rather than on issues. Japan must solve its domestic political reform problem before it can effectively meet other challenges.

Gorbachev's Visit

On the diplomatic front, Japan's major concern is how negotiations will turn out on the northern territorial issue during Soviet President Mikhail Gorbachev's scheduled visit in April. We hope that Gorbachev will be able to overcome food shortages and other problems at home so that he can come to Japan and break the impasse in the territorial dispute.

But we should not build our expectations too high. Gennady Yanayev, who was recently elected the Soviet Union's first vice president, has stated that the islands' issue is not such a simple problem that it can be solved in a single visit by Gorbachev.

Then too, Japan must stand firm by its demand that all four Soviet-occupied islands be returned, and reject compromise proposals that only two be handed back or that the islands be administered jointly by the Soviet Union and Japan.

Kaifu will begin his 1991 diplomacy with a visit to South Korea Jan. 9-10, and a tour of the five member states of the Associations of Southeast Asian Nations Jan. 13. It is only natural that Japan, as an Asian nation, emphasizes in its diplomatic relations with other Asian nations [as published].

Opposition's Failure

We hope Kaifu will stress during his Asian visits that Japan is making efforts to contribute to world peace and prosperity, and never again will become a military power.

Backed with a joint declaration signed among the LDP, Japan Socialist Party and North Korea's Korea Workers' Party, Pyongyang is demanding that Japan compensate it for its suffering during the colonial period and for the 45 years since World War II. There is absolutely no need for Japan to compensate North Korea for this latter period.

Japan must continue negotiations on establishing diplomatic ties with North Korea to help bring about stability on the Korean peninsula, but in such a way that it does not irritate Seoul or Washington.

Heavy responsibility has been placed on the ruling party in diplomacy. But it is high time that the opposition parties escape from their "permanent opposition" rut and give serious thought to Japan's responsibilities in international society.

The opposition's totally unrealistic positions on security and diplomacy led to the failure of the Diet to discuss in sensible terms Japan's contribution to multinational efforts in the Persian Gulf crisis.

JSP's Doi Meets With DSP Chairman Ouchi

WA03011945 Tokyo ASAHI SHIMBUN in Japanese 27 Dec 90 Evening Edition p 2—FOR OFFICIAL USE ONLY

[Text] Japan Socialist Party [JSP] Chairwoman Takako Doi and Democratic Socialist Party [DSP] Chairman Keigo Ouchi met for lunch in Tokyo at noon on 27 December. This was the first meeting between the two party leaders since Mr. Ouchi became DSP Central Committee chairman in April 1990.

The meeting was proposed by Mr. Ouchi. According to a source present at the meeting, "they wanted to have frank consultations, on no particular theme." However, with great changes occuring in the political strategies of the opposition parties, dialogues between kindred party leaders seem to be attracting attention. An example of such change is Komeito, a middle-of-the-road political party like the DSP, which at its last party meeting decided on an active policy that will consider a coalition or alliance with the Liberal Democratic Party [LDP].

There is still a big gap between the positions of the JSP and DSP, mainly with respect to the Japan-U.S. security treaty and policy concerning the Self-Defense Forces, as seen in their responses to the UN Peace Cooperation bill. With the JSP's definitive shift toward a social democratic line, the distance between the two parties in terms of doctrine has been narrowing. It is doubtful, however, that the conditions exist for the two parties to become close overnight.

NHK Executive in Tokyo Governors Race

OW0801151691 Tokyo JIJI in English 1426 GMT 8 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 8 (JIJI PRESS)—Hisanori Isomura, an executive of Japan Broadcasting Corp. (NHK), has emerged as a prospective candidate in the Tokyo gubernatorial election next April.

Secretary-General Ichiro Ozawa of the Liberal Democratic Party (LDP) is backing Isomura, and the Komeito (Clean Government Party) is considering supporting the former anchorman from the public broadcasting corporation, informed sources said.

The LDP, the Komeito and the Democratic Socialist Party (DSP) have become increasingly reluctant to support Shunichi Suzuki, the 80-year-old incumbent governor seeking a fourth four-year term. Senior officials in the LDP, the Komeito and the DSP are concerned about Suzuki's old age and criticism of the costly construction of the new Tokyo metropolitan government office he initiated. These officials fear that Suzuki would face fierce competition if the Japan Socialist Party (JSP) fields a strong contender.

On Monday, Suzuki told DSP Chairman Keigo Ouchi he will not seek reelection if he loses support from the LDP, the Komeito and the DSP, that form a ruling coalition in the Tokyo Assembly.

Ouchi for his part indicated the DSP finds it difficult to support Suzuki's bid for a fourth term. An LDP official at the LDP's Tokyo chapter also hinted at not supporting Suzuki by saying that the only question that remains is how gracefully Suzuki withdraws from the race.

But informed sources said they still expect to see many twists and turns before the LDP, the Komeito and the DSP decide on their joint candidate from the others remaining under consideration, including Deputy Chief Cabinet Secretary Nobuo Ishihara.

Ministers Review Trade Liberalization

OW0801130691 Tokyo NIHON KEIZAI SHIMBUN in Japanese 31 Dec 90 Morning Edition p 3—FOR OFFICIAL USE ONLY

["Summary" of "exclusive" interview with Agriculture, Forestry and Fisheries Minister Motoji Kondo and International Trade and Industry Minister Eiichi Nakano by NIHON KEIZAI SHIMBUN reporter on 30 December]

[Text] International Trade and Industry Minister Nakao and Agriculture, Forestry, and Fisheries Minister Kondo granted an interview to a NIHON KEIZAI SHIMBUN reporter on 30 December. On the General Agreement on Tariff and Multilateral Trade Negotiations (GATT and Uruguay Round), one of the tasks of the new cabinet, International Trade and Industry Minister Nakao explained that he would not accept even a partial liberalization of the rice market. He first said that we "will exert maximum efforts for reaching an agreement." Regarding a tentative agreement proposed by the chairman of the ministerial talks at the agricultural subcommittee of the Uruguay Round, the agriculture, forestry, and fisheries minister pointed out that "we cannot approve that because it does not include Japan's claims, (including security of food supply)." He also said: "Although I cannot tell you how long, we will try our best to apply the brakes." Thus, he indicated more a flexible position than that of the international trade and industry minister. Nevertheless, he stressed that he would not accept liberalization of the rice market for the time being.

[NIHON KEIZAI SHIMBUN] What do you think of relaxing protective measures for domestic agriculture, a point of contention at the Uruguay Round?

[Kondo] "Reduction of domestic protective measures is a problem facing each nation. I think it is possible to reach some kind of agreement on (their reduction) although there may be differences of opinion in setting a base year for its start. However, Japan cannot agree to the idea of uniformly reducing all protection policies. We should not agricultural products collectively because their values differ so much from nation to nation."

[NIHON KEIZAI SHIMBUN] What do you think of the tentative plan proposed at the ministerial talks by Agricultural Subcommittee Chairman Helestrem?

[Kondo] "We cannot approve the proposal, which does not take into Japan's claims about (security of food supply and other issues). However, they contain some items on which we are planning to hold negotiations. The ministerial talks ended before we could hold a meeting to decide whether we would approve the plan as a basis for discussions."

[NIHON KEIZAI SHIMBUN] Do you think that 100 percent self sufficiency in rice production is not the only way to secure food supply?

[Kondo] "This is an argument I hear often. However, the demand (of the United States, Europe, and other nations), which calls for three to five percent minimum access), may be constituted on the basis of this argument. I can say that they recognized a considerable portion of Japan's position, (which claims that self-sufficiency in rice production is important). However, since they have not yet recognized Japan's position completely, we have to continue our exhaustive efforts. We have to do that because the system, which can increase overall self-sufficiency in food production by other agricultural products even if we lower the self-sufficiency rate of rice, has not been established yet."

"I am not saying that we can maintain our current position for 20 or 30 years. I cannot tell you how long, but we will make our best efforts to apply the brakes on (liberalization of the market). While doing that, we have to implement domestic measures in a hurry and make agriculture attractive, something with which people can feel at ease."

[NIHON KEIZAI SHIMBUN] Will you comment on the possibility of agreement at the Uruguay Round?

[Nakao] "Failure of the Uruguay Round will cause a rise of protectionism. We are determined to avoid by all means a situation in which Japan is isolated in the world trade. Of course, we will exert our utmost efforts to reach an agreement. We will accept any meetings at the ministerial level. However, it is necessary for us to make the member nations of the Uruguay Round understand that Japan too has a field which must be protected. Please remember that the Diet adopted a resolution on (prevention of imports) of rice, saying Japan could not cede even half a step on rice."

[NIHON KEIZAI SHIMBUN] Do you think that Japan can make more contributions toward an agreement?

[Nakao] "Europe and the United States are fighting over agricultural negotiations. This does not mean that Japan is 'pursuing a wait-and-see policy.' However, it will be troublesome to Japan if Europe and the United States join forces. The United States has turned the rice issue into a symbol of problems between Japan and the United States. I will visit the United States with an indomitable spirit soon, not in January, to convince the United States."

"We will accept neither complete nor partial liberalization of the rice market. We will not accept minimum access either. After all, rice trade, even under complete liberalization, would not amount to much money."

[NIHON KEIZAI SHIMBUN] Is it possible to agree on issues other than "rice" at the Uruguay Round?

[Nakao] "We will be isolated at the trade negotiations if we think only of national benefits. We have to avoid isolation by all means. However, since we have the Diet resolution on the rice issue, we would be in trouble if we ignored it. One way or another it is necessary for Japan to acquire persuasive power."

MITI Prepares Asian Economic Cooperation Plan

OW0701094791 Tokyo MAINICHI DAILY NEWS in English 6 Jan 91 p 1—FOR OFFICIAL USE ONLY

[Text] The Ministry of International Trade and Industry [MITI] is drawing up a comprehensive economic plan for Asia that will entail industrial specialization by the countries in the region, according to ministry sources. MITI is putting the finishing touches to its "New Comprehensive Cooperation Plan for Asian Industrialization," or "New Aid Plan," and hopes to implement it in fiscal 1991.

One of the main objectives of the plan will be to nurture export industries as a source of foreign exchange in the developing countries in Asia. MITI's plan will reinforce economic cooperation in Asia while putting a brake on the trend toward economic blocs that has surfaced in Europe and North and South America.

The New Aid Plan will foster the exports of Asian countries by shoring up their industrial bases, targeting promising export industries and encouraging investment and the transfer of technology. MITI seeks to incorporate the economic cooperation currently conducted between the governments of Japan and the member countries of the Association of Southeast Asian Nations (ASEAN) and India, Pakistan, Bangladesh, and Sri Lanka, as well as the trade and investment carried out by the private sector, into an overarching plan.

Cooperation between Japan and other Asian countries will be 1) strengthened through investment in infrastructure and social capital, 2) training of human resources, quality improvement of products and other types of technological cooperation, and 3) provision of funds for financing and investment.

MITI's plan will strictly respect the sovereignty of the nations that wish to participate.

At the request of participating countries, Japan will dispatch investment missions to extend yen loans for the construction of industrial parks and to promote direct investment. Plans are already being drawn up for an industrial park in Malaysia devoted to the manufacture of personal computers, office automation equipment and other electronic products, and its construction is expected to begin shortly. Also on the drawing board are toy and electrical appliance factories to be established in Thailand and Indonesia.

MITI officials wish to implement their plan by fiscal 1991 because of the rapid changes that have been taking place in the global system of free trade. The difficulties encountered in the current Uruguay Round of multilateral trade talks on the General Agreement on Tariffs and Trade have encouraged the U.S. to give serious thought to the formation of a free trade zone encompassing

FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-91-007
Thursday
10 January 1991

8

Daily Report
East Asia

FBIS-EAS-91-007 CONTENTS *10 January 1991*

NOTICE TO READERS: As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Regrets Failed Gulf Talks, Hopes for Peace *[KYODO]* .... 1 - 12
U.S. Ambassador Consults Defense Chief on Gulf *[KYODO]* .... 1 - 12
Government Considering More Support for Gulf *[KYODO]* .... 1 - 12
Alleged Financial Incentive to Iraq Denied *[KYODO]* .... 1 - 12
MITI To Accept Insurance Claims for Gulf Losses *[KYODO]* .... 2 - 13
Firms Bracing for Possible War in Gulf *[KYODO]* .... 2 - 13
Soviet Diplomats Hint at Joint Gulf Statement *[KYODO]* .... 3 - 14
Gorbachev Ready To Discuss Territorial Issue *[KYODO]* .... 3 - 14
Nakayama Talks With Gorbachev Scheduled *[KYODO]* .... 4 - 15
Daiwa To Help Found Moscow Financial Markets *[KYODO]* .... 4 - 15
Kaifu Speaks to Public After ROK Visit *[KYODO]* .... 4 - 15
Fingerprinting To End 'Within Two Years' *[KYODO]* .... 5 - 16
Malaysia Urges Japan To Help Asian Partners *[KYODO]* .... 6 - 17
Panel To Advise Kaifu on Peace Contributions *[KYODO]* .... 6 - 17
Government To Help Maintain Oil Price Stability *[KYODO]* .... 6 - 17
Envoy Calls for Comprehensive Nuclear Test Ban *[KYODO]* .... 7 - 18
MITI Terminates Quota on Steel Exports to EC *[KYODO]* .... 7 - 18
Ozawa Says No to Liberalization of Rice Market *[KYODO]* .... 8 - 19
Kobe Steel To Give Aid to Hungarian Mill *[KYODO]* .... 8 - 19
Banks Increasing Funds Through Subordinated Loans *[KYODO]* .... 8 - 19

Mongolia

Democratic Party Leader Rejects Marxism-Leninism *[MONTSAME]* .... 8 - 19
Leaders Greet Cambodian Revolution Anniversary *[MONTSAME]* .... 9 - 20
Small Hural Chairman Greets Cambodia's Chea Sim *[MONTSAME]* .... 9 - 20
Private Ownership of Livestock Increases *[MONTSAME]* .... 9 - 20

North Korea

President No Tae-u's New Year Speech Denounced *[Pyongyang Radio]* .... 9 - 20
SKNDF Spokesman Urges South To End Repression *[KCNA]* .... 11 - 22
    SKNDF Sends New Year's Letter *[KCNA]* .... 11 - 22
Opposition Party Leader Supports Kim Speech *[KCNA]* .... 12 - 23
South Defectors Back Kim Il-song Proposal *[KCNA]* .... 12 - 23
NODONG SINMUN on Coming South Elections *[KCNA]* .... 13 - 24
Prospective South Visit by President Bush Viewed *[KCNA]* .... 13 - 24
Cuban Delegation, Soviet Envoy Arrive 7 Jan *[KCNA]* .... 14 - 25
Over 700 Small Power Stations Under Construction *[KCNA]* .... 14 - 25

South Korea

- Kaifu Says Nations Should Walk 'Hand in Hand' *[THE KOREA HERALD 10 Jan]* ..... 14 - 25
- No Tae-u Says Nations Share 'Great Vision' *[THE KOREA HERALD 10 Jan]* ..... 15 - 26
- Organizations Rally To Protest Kaifu's Visit *[THE KOREA TIMES 10 Jan]* ..... 15 - 26
- Man Attempts Suicide To Protest Kaifu Visit *[YONHAP]* ..... 16 - 27
- Kaifu Undertakes 'Self-Examination' in Seoul *[YONHAP]* ..... 16 - 27
- No, Kaifu Agree on 3 Partnership Principles *[YONHAP]* ..... 16 - 27
- Japan's North Relations 'Should Not' Harm Ties *[YONHAP]* ..... 17 - 28
- No, Kaifu Agree To Strengthen Bilateral Ties *[KYODO]* ..... 17 - 28
- Kaifu Seeks Support for Territorial Dispute *[KYODO]* ..... 18 - 29
- Kaifu Gives News Conference Ending Seoul Visit *[YONHAP]* ..... 19 - 30
- No Expresses Regret Over Collapse of Gulf Talks *[YONHAP]* ..... 19 - 30
  - Kaifu Expresses Regret *[KYODO]* ..... 19 - 30
  - Ministers Also Disappointed *[YONHAP]* ..... 20 - 31
- Rogachev Promises Report on KAL Flight 007 *[YONHAP]* ..... 20 - 31
- USSR Ready To Transfer Technology *[HANGUK ILBO 9 Jan]* ..... 20 - 31
- German President To Visit Trade Fair in Seoul *[YONHAP]* ..... 21 - 32
- North Denounced for Airing Letter Over Radio *[YONHAP]* ..... 21 - 32
- Korean Flights to Shanghai Reportedly Canceled *[YONHAP]* ..... 22 - 33
- No, Kim Tae-chung To Discuss Major Issues *[YONHAP]* ..... 22 - 33

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

- 60 Nationals To Arrive Home From Jordan 11 Jan *[Kuala Lumpur Radio]* ..... 23 - 34
- Minister Clarifies Singapore Helicopter Intrusion *[Kuala Lumpur TV]* ..... 23 - 34
- Defense Agreement Signed With Papua New Guinea *[BERNAMA]* ..... 23 - 35

Cambodia

- Sihanouk Views PRK Opposition to UN Plan *[Radio VODK]* ..... 23 - 34
  - Phnom Penh on Sihanouk's 'Accusation' *[Phnom Penh Radio]* ..... 24 - 35
- Chea Sim Addresses Ceremony in Kompong Som *[Phnom Penh Radio]* ..... 25 - 36
- Government Increases Tax Collection in 1990 *[SPK]* ..... 26 - 37
- Rubber Production Figures for 1990 Reported *[SPK]* ..... 26 - 37

Indonesia

- Singapore's Goh, Ministers Arrive for Visit *[ANTARA]* ..... 26 - 37
  - Suharto, Goh on Enhancing Ties *[Jakarta Radio]* ..... 27 - 38
  - Further on Strengthening Ties *[Jakarta Radio]* ..... 27 - 38
- President Suharto Presents Draft State Budget *[Jakarta TV]* ..... 27 - 38
- Analysts Say State's 1991 Budget 'Prudent' *[AFP]* ..... 31 - 42
- SRV Deputy Premier Arrives for Economic Talks *[Jakarta Radio]* ..... 32 - 43

Laos

- Feature Details Kaysone Phomvihan's Background ..... 32 - 43
  - First Installment *[PASASON 13 Dec]* ..... 32 - 43
  - Second Installment *[PASASON 14 Dec]* ..... 35 - 46
  - Final Installment *[PASASON 15 Dec]* ..... 36 - 47
- PASASON Article on Bankruptcy of State Trade *[Vientiane Radio]* ..... 37 - 48
- Soviet-Aided TV Transmitter-Receiver Station *[KPL]* ..... 37 - 48

Philippines

Aquino 'Confident' of Sincerity in Bases Talks *[Quezon City Radio]* .... 38 - 49
U.S. Bases Stand Termed 'Virtual Ultimatum' *[PHILIPPINES NEWSDAY 10 Jan]* .... 39 - 50
Envoy to U.S. Urges Activation of Trade Accord *[BUSINESS WORLD 10 Jan]* .... 40 - 51
Foreign Department on 30 Caught in Somalia *[Manila Radio]* .... 40 - 51
Aquino Orders Reduction in Government Personnel *[THE MANILA CHRONICLE 9 Jan]* .. 40 - 51
National Police Retain Special Strike Force *[MANILA BULLETIN 9 Jan]* .... 41 - 52
'High Score' for 1990 Counterinsurgency Campain *[MANILA BULLETIN 9 Jan]* .... 41 - 52
Three New Regional Police Directors Appointed *[MANILA BULLETIN 9 Jan]* .... 42 - 53
Ramos Blocks Release of Communist Leader *[Manila Radio]* .... 42 - 53
  Release Endangers Lives *[DIYARYO FILIPINO 10 Jan]* .... 42 - 53
Military Discloses RAM-KSP-YOU Structure *[PHILIPPINES NEWSDAY 10 Jan]* .... 42 - 53
National Democratic Front Open to Cease-Fire *[THE MANILA CHRONICLE 9 Jan]* .... 43 - 54
Military Captures Two 'Top' Young Officers *[Manila Radio]* .... 43 - 54

Thailand

Iraqi Envoy Promises No Terrorist Attacks *[AFP]* .... 43 - 54
Foreign Minister Athit Defends Saudi Trip *[Bangkok Radio]* .... 44 - 55
Foreign Minister Defends Policy in Debate *[BANGKOK POST 10 Jan]* .... 44 - 55
Deputy Premier, Italian Envoy Discuss Gulf *[Bangkok Radio]* .... 45 - 56
Prime Minister Chatchai Delivers Policy Statement *[Bangkok Radio]* .... 45 - 56
Debate Over 9 Jan Policy Statement Viewed *[BANGKOK POST 10 Jan]* .... 51 - 62
BANGKOK POST Reports Policy Debate *[10 Jan]* .... 52 - 63

Vietnam

Military Institute Contributes Views on Documents *[QUAN DOI NHAN DAN 18 Dec]* .... 53 - 64
Column Views Public Opinions on Party Documents *[NHAN DAN 13 Dec]* .... 54 - 65
Party Meeting Entertains Views on Platform *[QUAN DOI NHAN DAN 13 Dec]* .... 56 - 67
Haiphong Prepares for Local Party Congresses *[Hanoi Radio]* .... 57 - 68
Nguyen Co Thach Receives India's Mehrotra *[Hanoi International]* .... 58 - 69
Correction to Localities Discuss Draft Documents .... 58 - 69

Japan

Regrets Failed Gulf Talks, Hopes for Peace

OW1001053191 Tokyo KYODO in English 0447 GMT 10 Jan 91

[Text] Tokyo, Jan. 10 KYODO—Japan regrets the failure of U.S.-Iraqi peace talks over the Persian Gulf crisis in Geneva but still hopes for a last-minute peaceful settlement, the government said Thursday.

Chief Cabinet Secretary Misoji Sakamoto said in a press conference it is regrettable that a meeting between U.S. Secretary of State James Baker and Iraqi Foreign Minister Tariq 'Aziz ended Wednesday without producing any specific results. But the government spokesman said Japan still hopes for a peaceful solution to the crisis, citing U.N. Secretary General Javier Perez de Cuellar's decision to fly to Baghdad later Thursday.

The U.N. Security Council deadline for the Iraqi military to leave Kuwait, which it invaded August 2, is January 15. Sakamoto said the Gulf situation as yet had not caused any changes to Prime Minister Toshiki Kaifu's planned visit to five Southeast Asian nations beginning Sunday. But he indicated changes to Kaifu's schedule were possible.

Kaifu will confer on the matter with Foreign Minister Taro Nakayama and Sakamoto Thursday night after he returns from a two-day visit to South Korea. They will discuss how "to balance between the tension of the Gulf crisis and international promises made" on the eight-day trip to Malaysia, Singapore, Brunei, the Philippines and Thailand, Sakamoto said.

U.S. Ambassador Consults Defense Chief on Gulf

OW1001075391 Tokyo KYODO in English 0722 GMT 10 Jan 91

[Text] Tokyo, Jan. 10 KYODO—The United States asked the Japanese Government Thursday for full support of its Persian Gulf policy, saying the U.S. might be forced to make a "tough decision" in the wake of the failed talks between the U.S. and Iraqi foreign ministers.

U.S. Ambassador to Tokyo Michael Armacost was apparently alluding to the possibility of war between the U.S.-led multinational forces and Iraq if Baghdad does not withdraw from Kuwait by the January 15 United Nations Security Council deadline. Armacost said in a half-hour meeting with Japanese Defense Agency Director General Yukihiko Ikeda that the U.S. is disappointed with the failure of Wednesday's talks in Geneva.

While saying that Japan's role in resolving the Gulf crisis is something it must decide for itself, Armacost urged Tokyo to make a "visible" contribution. Japan has thus far pledged 2 billion dollars in aid to the multinational forces deployed in the Gulf region and another 2 billion dollars to help the front line states hard hit by the Gulf crisis triggered by Iraq's invasion of Kuwait on August 2.

Ikeda did not reply directly to Armacost's request for full support, but expressed respect and appreciation for the efforts the U.S. has made in the Gulf crisis. "For the sake of world peace, the crisis should be resolved in line with the resolutions of the United Nations," the agency chief said. While saying that it is not proper for the Defense Agency to ask for a specific role for itself, Ikeda said "The Defense Agency hopes to make efforts if the Diet makes any requests of it," he added.

Government Considering More Support for Gulf

OW1001113191 Tokyo KYODO in English 1108 GMT 10 Jan 91

[Text] Tokyo, Jan. 10 KYODO—The Government is considering providing additional funds to the U.S.-led multinational forces massing in the Persian Gulf if war breaks out, Foreign Ministry officials said Thursday.

As part of emergency measures following the collapse of talks Wednesday between U.S. Secretary of State James Baker and Iraqi Foreign Minister Tariq 'Aziz, the Government also plans to boost aid to the so-called frontline nations hard hit by the Gulf crisis and possible refugees from Iraq, Kuwait, and adjacent nations, the officials said.

Japan has so far provided 2 billion dollars in financial support for the U.S.-dominated multinational forces, another 2 billion dollars in economic assistance for the frontline nations, especially Egypt, Jordan, and Turkey. Washington has informally called on Tokyo to give additional financial support if war erupts in the Gulf.

The ministry also plans to advise Japanese nationals in eastern Saudi Arabia, Qatar, Bahrain, the United Arab Emirates, Syria, Jordan, and Israel to leave those countries by January 15 to escape from the possible war, according to the officials.

The officials said that while the ministry has not yet concluded that war is inevitable, tension is rapidly mounting in the wake of the failure of the Iraqi-U.S. peace talks.

Alleged Financial Incentive to Iraq Denied

OW0901152791 Tokyo KYODO in English 1512 GMT 9 Jan 91

[Text] Tokyo, Jan. 9 KYODO—Allegations that Japan plans to extend 3 billion dollars in aid to Iraq if it withdraws from Kuwait are "totally erroneous," a senior Foreign Ministry official said Wednesday.

The official was taking issue with U.S. Senator Alfonse D'Amato's remarks before the Senate last Friday that a purported Japanese plan to give Baghdad 3 billion dollars in aid as a reward for pulling out of Kuwait was an "obscenity." "It's totally erroneous and badly timed," said the Foreign Ministry official, speaking on condition of anonymity. He denied that Japan has proposed a conditional resumption of economic assistance suspended in the aftermath of Iraq's invasion of Kuwait on August 2.

During a new year press conference, however, Japanese Prime Minister Toshiki Kaifu offered economic assistance if Iraq opts for a peaceful solution to the Gulf crisis. "I hope that Iraq will make a decision for a peaceful solution," Kaifu said. "If it does, then Japan is prepared to extend economic cooperation."

Another official took a view of the Republican senator's remarks similar to the Foreign Ministry official's and added that Japan's record of contributing to international efforts related to the Persian Gulf crisis "should speak for itself." He noted that Japan's financial contributions are about as large as those of the entire European Community.

"After everything that has happened, with the taking hostage of Japanese nationals and all, we are in no frame of mind to be thinking about providing Iraq with aid," the official said.

D'Amato was quoted as telling the Senate, "Here we have the Japanese dangling 3 billion dollars in aid in front of (Iraqi President) Saddam Husayn, saying if you get out of Kuwait it is yours." "In New York we call that bribery, and it is not legal. Internationally, I call it an obscenity," he said.

One official said that Japan has not moved to officially protest the senator's remarks. He said that U.S. congressmen often make provocative comments about Japan and it could prove counterproductive to challenge each one.

Japan was Iraq's top aid donor prior to Baghdad's invasion of its oil-rich neighbor, Kuwait. Tokyo froze 400 billion yen in economic assistance and suspended all financial transactions with Iraq on August 5, three days after Iraq took over Kuwait.

MITI To Accept Insurance Claims for Gulf Losses

OW0701184391 Tokyo KYODO in English 1337 GMT 7 Jan 91

[Text] Tokyo, Jan. 7 KYODO—The Ministry of International Trade and Industry (MITI) has notified about 100 trade insurance policyholders who have suffered losses as a result of Iraq's invasion and annexation of Kuwait in early August of its readiness to accept claims, MITI said Monday.

These policyholders—all trading or manufacturing firms—earlier made loss reports to MITI in preparation for making claims.

Policyholders who wish insurance payments to be made with the fiscal 1990 budget are expected to submit claims to MITI probably later in the current month, if they consider it practically impossible to recover their Iraq or Kuwait trade claims at an early date, after seeing how events develop in the Gulf immediately before and after the January 15 U.N. deadline for Iraqi troops to leave Kuwait.

MITI officials said Japanese enterprises hold about 430 billion yen in Iraq trade claims, covered by the state trade insurance, and about 80 billion yen in Kuwait trade claims, making a total of about 510 billion yen.

Of this total, claims overdue or due later in fiscal 1990 ending March 31 total about 260 billion yen, they said.

Firms Bracing for Possible War in Gulf

OW1001120891 Tokyo KYODO in English 1136 GMT 10 Jan 91

[Text] Tokyo, Jan. 10 KYODO—Japanese companies are bracing themselves for a likely war in the Persian Gulf after U.S. Secretary of State James Baker ended Wednesday's talks in Geneva with Iraqi Foreign Minister Tariq 'Aziz without concrete results.

Most of the six giant trading houses with staff still in the Gulf, including Mitsui and Co. and Marubeni Corp., decided Thursday to evacuate their employees from the region. At present, there are some 100 Japanese employees of the trading houses in the region.

Officials at the six concerns said they would withdraw their employees in the region altogether depending on developments before the January 15 deadline for Iraq to pull its troops out of Kuwait.

The shipping industry is considering halting services to the Gulf in light of the heightened tensions in the region.

The All Japan Seamen's Union, covering some 65,000 Japanese seamen, is taking a similar approach. Shoshiro Nakanishi, head of the union, said his organization is planning to press shipowners to take necessary measures to protect Japanese seamen from the fighting in the Gulf.

"If war breaks out, it could be a harsh one that could end within a short period of time. We can't wait easily until January 15," Nakanishi said. According to the Transport Ministry, some 10 to 15 ships operated by Japanese shipping firms are to sail in the Gulf around January 15.

Arabian Oil Co., which has an oilfield only 18 kilometers from the Saudi-Kuwait border, is speeding up plans to return home some of its 68 employees still in Saudi Arabia. Before the Gulf crisis began with Iraq's invasion of Kuwait last August, the company had 130 Japanese employees and 1,800 non- Japanese employees in the country.

Oil importers and refiners otherwise appear optimistic about supplies of crude oil until this spring should hostilities begin after the January 15 deadline because of a high level of inventories at home. "There will be no problem until the end of March even if something happens after January 15," said Shigeshi Shimura, senior managing director of Kyodo Oil Co.

Oil industry sources said they do not see oil firms rushing to find alternatives to Middle East crude even in the event of an outbreak of war in the Gulf. Crude oil imports from the Middle East account for more than 70 percent of Japan's total crude imports. As of November 30 last year, Japan had a stock of 82.67 million kiloliters of oil, equivalent to 142 days of consumption, of which oil companies held 88 days worth.

Soviet Diplomats Hint at Joint Gulf Statement

OW1001090991 Tokyo KYODO in English 0849 GMT 10 Jan 91

[Text] Tokyo, Jan. 10 KYODO—Japan and the Soviet Union may issue a joint statement on the Persian Gulf crisis when Foreign Minister Taro Nakayama visits Moscow from January 21-23, Soviet diplomatic sources in Tokyo indicated Thursday.

The diplomats, who spoke on condition of anonymity, said they would not rule out a joint statement on the Gulf crisis such as the one issued when Soviet Foreign Minister Eduard Shevardnadze visited Japan last September. But they said whether to issue a statement will depend on the situation in the Gulf at that time.

In any case, the envoys said, the Gulf crisis will be high on the agenda of the foreign ministerial talks. The meeting between Nakayama and Shevardnadze or his successor will come six days after the January 15 deadline set by the United Nations Security Council for Iraq to withdraw from Kuwait or face eviction by multinational forces led by the United States.

Shevardnadze announced his resignation December 20, but no successor has yet been designated. The diplomats were reluctant to speculate as to whether the talks could be postponed if war erupts in the Gulf, but said they see nothing now that would lead them to make such a prediction.

The joint statement issued by Nakayama and Shevardnadze last September called for Baghdad's unconditional withdrawal from Kuwait and its release of all foreign hostages. The diplomats described the release of the statement as an event unprecedented in the two countries' traditionally chilly postwar relations.

Since the end of World War II the two countries' relations have remained at a low ebb due in part to the cold war and to their territorial dispute over a group of Soviet-held islands off Hokkaido, Japan's northernmost main island.

The diplomats said that, aside from talks on the Gulf crisis and resolving the territorial dispute to pave the way for a peace treaty, the two foreign ministers will discuss Soviet President Mikhail Gorbachev's mid-April visit to Japan, economic relations, the situation on the Korean peninsula, and the Cambodian conflict.

Gorbachev Ready To Discuss Territorial Issue

OW0901160091 Tokyo KYODO in English 1539 GMT 9 Jan 91

[Excerpts] Moscow, Jan. 9 KYODO—Soviet President Mikhail Gorbachev on Wednesday expressed his readiness to discuss with Japanese leaders the conclusion of a peace treaty, involving the territorial dispute between Japan and the Soviet Union, when he visits Tokyo in April, Japanese officials said.

In a 45-minute meeting with the Soviet president at the Kremlin, Japan's House of Councillors President Yoshihiko Tsuchiya conveyed to Gorbachev a verbal message from Prime Minister Toshiki Kaifu saying that he hopes to have a frank exchange of views on a bilateral peace treaty and Japanese economic assistance to the Soviet Union during Gorbachev's planned visit to Japan.

In response, Gorbachev said that he quite agrees with Kaifu and asked Tsuchiya to relay his agreement to the Japanese prime minister, according to Japanese officials traveling with Tsuchiya.

Gorbachev told Tsuchiya that he thinks Japan-Soviet relations will enter a new era as a result of his Japan visit and that substantial reforms may take place in bilateral ties in the near future.

The Soviet president was also quoted as saying that a preparatory committee is working on measures to be taken to make his Japan visit fruitful. [passage omitted covered by referent item]

Referring to domestic issues, Gorbachev told the Japanese parliamentary delegation led by Tsuchiya that the Soviet Union should reform itself by the end of this year.

He also said that settlement of various difficulties confronting the Soviet Union would contribute to world peace, adding that the most urgent task for his country is to stabilize its economy, according to the officials.

Earlier in the day, Tsuchiya conferred with Soviet Vice President Gennadiy I. Yanayev and Boris Yeltsin, president of the Russian Federation, which is home to half of the Soviet population of 289 million, and is the economic powerhouse of the 15 republics.

Yeltsin was quoted as telling Tsuchiya that the Russian Republic, instead of the central government, should hold direct negotiations with Japan to settle the territorial dispute because the four islands off Hokkaido are Russian territories.

This was the first time that Yeltsin, a political archrival of Gorbachev, has expressed the idea of his republic being the direct negotiator on the territorial dispute with Japan.

Referring to his proposal to settle the dispute in five phases, Yeltsin said that the Kremlin leadership should first admit the existence of the territorial problem between Japan and the Soviet Union, adding that the

14

Russian Republic should negotiate with Japan on the remaining four stages to settle the issue.

Yeltsin first proposed the five-phased solution to the territorial dispute when he visited Tokyo in January last year. The proposal included establishment of joint business ventures on the four islands and their demilitarization over the next two decades to pave the way for their possible return.

In the talks at the headquarters of the Soviet Communist Party's Central Committee, Yanayev revealed that he is heading the preparatory committee for Gorbachev's visit to Japan, the officials said.

On the issue of Japanese prisoners of war who were held in Siberia after the end of World War II, Yanayev was quoted as telling Tsuchiya that he wants to clean up the cemeteries of Japanese POWs and simplify diplomatic procedures to enable Japanese relatives to visit them.

In early December, the private Soviet-Japan Association for Mutual Understanding, headed by Aleksei Kirichenko, signed an agreement with the All-Japan Former Internees Association to turn over documents of some 600,000 Japanese POWs to the Japanese side.

Of the total number of Japanese POWs, some 60,000 are believed to have died while engaged in forced labor in Siberia. Yanayev met with Japanese leaders for the first time since he assumed the vice presidency on December 27. Tsuchiya, who arrived in Moscow on Sunday as leader of a group of Japanese upper house members, is scheduled to return home next Sunday.

Nakayama Talks With Gorbachev Scheduled

OW0901141291 Tokyo KYODO in English 1302 GMT 9 Jan 91

[Text] Tokyo, Jan. 9 KYODO—Foreign Minister Taro Nakayama is to meet with Soviet President Mikhail Gorbachev on January 23 during his scheduled visit to the Soviet Union beginning January 21, Foreign Ministry officials said Wednesday.

Officials said that the meeting with Gorbachev will follow two days of talks with Foreign Minister Eduard Shevardnadze or his successor on January 22 and 23. Last month, Shevardnadze offered to resign from his post, but it still is not known how long he will remain in office.

Nakayama's visit is expected to focus on preparations for Gorbachev's upcoming visit to Japan, now set for mid-April. The most outstanding issue between Japan and the Soviet Union is a territorial spat over a group of islands off Hokkaido, the northernmost of Japan's four main islands.

But Nakayama's scheduled visit to Moscow, which had originally been set to take place [words indistinct]. The United Nations Security Council has warned that it will sanction the exercise of force to evict Iraq from Kuwait if Baghdad does not withdraw its troops by January 15. Aside from the Gulf crisis and the territorial dispute, Nakayama is expected to take up the prospects for further Japanese humanitarian assistance to the economically troubled Soviet Union, as well as help for the country's reform program.

Moscow will likely press for increased Japanese trade, lending, and investment and for Japan's consent to full Soviet membership in international financial forums.

Sources said that the two sides may discuss the possibility of Shevardnadze or his replacement paying a visit to Japan before Gorbachev's April visit. Nakayama is also expected to discuss what the spread of power to individual Soviet republics means for relations between Japan and the Soviet Union as a whole. Soviet sources have said Moscow will explain the role that the Russian Federation is going to play in future bilateral talks between Moscow and Tokyo on the territorial dispute.

Daiwa To Help Found Moscow Financial Markets

OW1001092091 Tokyo KYODO in English 0808 GMT 10 Jan 91

[Text] Tokyo, Jan. 10 KYODO—Daiwa Securities Co. said Thursday it agreed with Moscow on Wednesday to give the Soviet Union advice on organizing capital and financial markets. It was the first time for Moscow to officially name a Western-aligned financial institution as such an advisor.

Daiwa, one of Japan's "big four" brokerage houses, will give advice on establishing a stock exchange in Moscow and accept trainees from the Soviet Union to help the nation organize its capital market. The agreement was reached with both the Government of the Soviet Union and the Russian Federation.

Kaifu Speaks to Public After ROK Visit

OW1001121491 Tokyo KYODO in English 1158 GMT 10 Jan 91

[Text] Tokyo, Jan. 10 KYODO—Prime Minister Toshiki Kaifu, returning Thursday from a two-day summit with South Korean President No Tae-u, appealed to the Japanese for deeper understanding and consideration for the nation's Korean minority.

Kaifu promised in a meeting with No earlier the same day that Japan will eliminate the fingerprinting of its Korean residents within two years and work to resolve problems rooted in Japan's 1910-1945 colonial rule of the Korean peninsula.

In a written message to the nation released at Haneda Airport, Kaifu urged the deepening of friendship between Japan and South Korea on the popular level and

15

the removal of discrimination and discriminatory thinking from daily life in the workplace and the community.

This was only the second time a Japanese prime minister has addressed the nation upon returning from a trip abroad. In 1969, Eisaku Sato spoke to the nation following his visit to the United States to urge it to return Okinawa to Japan.

On Thursday, Kaifu said he recognizes the "special historical particulars" of the Korean residents, many of whom were forcibly brought to Japan to work in factories and mines during the colonial period and who have since suffered a variety of legal and social forms of discrimination.

Kaifu stressed the necessity of a more stable legal status and treatment in Japanese society for the Korean residents and their desire for a more stable daily life within the conditions of Japanese society.

Promising to sincerely implement the Japanese-Korean agreement signed in Seoul on Thursday to improve the legal status and treatment of the Korean minority, Kaifu said, "From an international perspective, for the progress of Japanese society in the future, we must come to think and live along with the Korean residents."

Fingerprinting To End 'Within Two Years'

OW1001040391 Tokyo KYODO in English 0220 GMT 10 Jan 91

[By Tadashi Matsumoto]

[Text] Seoul, Jan. 10 KYODO—Japan announced Thursday that it will abolish the fingerprinting requirement for Korean residents in Japan within two years.

The Japanese Government made the commitment in a memorandum signed by Foreign Minister Taro Nakayama and his South Korean counterpart Yi Sang-ok on Thursday morning. Nakayama was accompanying Prime Minister Toshiki Kaifu in his current two-day visit to Seoul.

Japanese officials said Kaifu would outline the Japanese commitment in his talks with President No Tae-u in a second meeting at the presidential Blue House that was due to begin at 10 A.M. Thursday. The memorandum also committed Japan to open public service jobs in local governments to Korean residents in Japan and allow them to be employed as teachers in state schools.

Under current Japanese law, all foreigners over 16 residing in Japan for more than a year are required to submit the print of their right index finger when being issued with an alien registration certificate. The agreement came after overnight haggling between Japanese and South Korean officials on the exact date when the fingerprinting requirement will be abolished. The Japanese Government has said it plans to scrap the system for Korean residents by January 1993, but Seoul wants Tokyo to move up the date.

The compromise agreement sets the date "within two years," leaving open the possibility that the system will be abolished in 1992, as Kaifu hinted before leaving for his trip to Seoul.

There are 680,000 Korean residents in Japan, by far the largest foreign community there. Most of them are descendants of Koreans who were brought to Japan during World War II as forced labor. Korea was under Japanese colonial rule from 1910 to the end of the war.

Fingerprinting was one of the touchy issues dividing the two countries, whose relations have long been soured by mutual distrust. Koreans in Japan have protested against the fingerprinting system as debasing and discriminatory, pointing out that apart from foreign residents, only criminals are required to be fingerprinted by the Japanese authorities. Under pressure from a campaign launched both in Japan and South Korea, Japan agreed in April last year to abolish the fingerprinting of the so-called "third-generation" Koreans in Japan. The third-generation refers to children of Koreans born after January 1971.

The memorandum said the Japanese Government will abolish the fingerprinting requirement not only for the third-generation Koreans but also for the first- and second-generation Koreans in Japan. Japan is to consider developing a family registry-type record as a substitute for fingerprinting. The registry will consist of photographs, signatures, and the names of parents and grandparents.

Referring to the present requirement for foreign residents to carry their alien registration certificate with them at all times, the memorandum said the government will make every effort to produce an acceptable alternative rule. It also committed the government to giving administrative guidance to local governments across Japan to give South Korean residents the chance to take examinations to qualify as teachers in state schools. The memorandum also promised to open up more local government jobs to Korean residents.

In a meeting prior to the signing of the memorandum, Nakayama and Yi expressed their regrets that the foreign ministers of the United States and Iraq failed to reach a conclusion on settling the Gulf Crisis. Nakayama and Yi said they hope the crisis will be resolved peacefully.

Discussing other aspects of bilateral relations, Yi told Nakayama that the South Korean Government hopes the two Koreas will join the United Nations simultaneously with separate membership, but said Seoul will join the U.N. alone if North Korea continues to reject the South Korean proposal. Nakayama said Japan would back South Korea if it decided to seek separate membership of the U.N.

Malaysia Urges Japan To Help Asian Partners

OW1001012491 Tokyo KYODO in English 0031 GMT 10 Jan 91

[By Masanori Kikuta]

[Text] Kuala Lumpur, Jan. 10 KYODO—Malaysia urges Japan to consider helping its Asian partners prosper rather than bother about its military past.

Malaysian Vice Foreign Minister Ahmad Kamil Jaafar, in an interview with KYODO NEWS SERVICE this week, said World War II "has been put behind us for years." "I don't think we need to talk about the war any more." Kamil, who was former ambassador to Japan, said, "Let's not talk about the apologies...about the war." "Let's talk about the future because what is important is the present and future, not the past."

He made the remarks in connection with Japanese Prime Minister Toshiki Kaifu's forthcoming visit to five of the six member countries of the Association of Southeast Asian Nations (ASEAN), starting here Sunday. Japanese press reports have said Kaifu will officially apologize to Southeast Asian people for Japanese wartime atrocities during his weeklong tour of Malaysia, Singapore, Brunei, the Philippines, and Thailand. He visited the sixth ASEAN member, Indonesia, last May. Japanese leaders have already apologized to South Korea, China and some Western countries.

Malaysian Foreign Minister Abu Hassan Omar stunned Tokyo last July when he suggested Japan might emerge as a potential threat to regional security following a declining superpower presence in the area. The suggestion came during a meeting of his ASEAN colleagues and those from Malaysia's dialogue partners outside the group, including Japan and the United States. Abu Hassan later said he had been satisfied with his Japanese counterpart Taro Nakayama's assurances that Tokyo would never again be a major military power.

Abu Hassan's statement on Japan "was taken out of context," said Kamil, whose official title is the secretary general of the Foreign Ministry. "We are not questioning the role of Japan," he said. "We always welcome the role of Japan in the economic field." Kamil said ASEAN is seeking to establish a new security order in Asia on its own, without relying on outsiders.

"What we want to avoid is to have an idea or concept which is not indigenous, which comes from Europe or somewhere else, to be imposed on us," he said. Some say their idea for an Asian security arrangement "is good for you because it is good for us," he said. "But if we have to have our own security system here, we want to look at it ourselves from our own point of view, taking account of our own assessment of the region and giving weight to our own values, to certain aspects of a security system."

Japan has a "tremendous" role to play in this area as Asia's most powerful economic presence, Kamil said, adding that Tokyo "must see the opportunity to work positively" in this regard. But he cautioned that Japan should take into account the "sensitivities" of Asian countries, particularly those closer to Japan which underwent harsh wartime experiences, if it is ever to consider "changing the character of its Self-Defense Forces [SDF]."

This was an indirect reference to Tokyo's recent abortive efforts to dispatch SDF personnel to the Persian Gulf to assist the U.S.-led multinational forces facing the threat of war with Iraq. Kamil said ASEAN is discussing ways of including China and other outsiders in its expanded cooperative arrangement "the near future" to ensure regional economic development and security.

"We could look at a dialogue with China, even with the Soviet Union, on the same level as we have with the present dialogue partners because the dialogue is based on economic foundations." He said senior ASEAN officials will meet in March to debate the issue, but declined to go into further details.

Panel To Advise Kaifu on Peace Contributions

OW0801141891 Tokyo KYODO in English 1359 GMT 8 Jan 91

[Text] Tokyo, Jan. 8 KYODO—The government decided on Tuesday to set up a private advisory panel to Prime Minister Toshiki Kaifu to study Japan's global contribution to peace, government officials said. The forum will be established within the cabinet secretariat and be comprised of 12 or 14 individuals, the officials said.

The panel will dicuss a new U.N. peace cooperation bill which the government plans to submit to the Diet to replace an aborted bill, the officials said. Members of the panel will have free discussions on Japan's involvement in U.N. peacekeeping operations and relief activities for refugees and official development assistance, the officals said.

Government To Help Maintain Oil Price Stability

OW0901120791 Tokyo KYODO in English 1110 GMT 9 Jan 91

[Text] Tokyo, Jan. 9 KYODO—Japan will tell members of the International Energy Agency (IEA) that it is ready to cooperate actively to stabilize the volatile oil market, government sources said Wednesday.

The announcement will come at an emergency gathering of the world's energy watchdog group on Friday that was called to address what types of concerted measures are to be taken by industrialized nations should war break out in the Persian Gulf and drive up crude prices.

Japan will dispatch officials of the Foreign Ministry and the Ministry of International Trade and Industry (MITI) to the meeting to confirm its cooperative stance toward other major countries.

The IEA meeting is expected to agree on easier regulations on the governments' oil reserves as well as stepped-up energy-savings efforts among the member nations if a war takes place.

The MITI-affiliated Resources and Energy Agency predicts that an armed confrontation in the Middle East would touch off another spiral of crude prices, but that if the war ends quickly, the oil market would be in for a sharp plunge.

Even if the war is protracted the market will not be severely affected because Japan has compiled abundant reserves of fuel and other petroleum products, the agency said.

The agency's studies found that Japan's oil reserves amounted to 82.67 million kiloliters—enough for 142 days of consumption—at the end of November.

Combined stockpiles of the 21 member countries of the Paris-based organization are equivalant to 150 days of consumption.

Envoy Calls for Comprehensive Nuclear Test Ban

OW0901055191 Tokyo KYODO in English 0414 GMT 9 Jan 91

[Text] New York, Jan. 8 KYODO—Japanese envoy Mitsuro Donowaki called Tuesday for a sincere dialogue between nuclear powers and non-nuclear nations to achieve a comprehensive nuclear test ban at a conference on nuclear disarmament in New York.

Donowaki, Japanese ambassador to the Geneva-based conference on disarmament, made the appeal at the second day's session of the amendment conference of the partial test ban treaty in New York. The treaty was concluded in 1963, and aimed at limiting nuclear tests to underground. The amendment conference was convened at the request of some non-allied nations such as Mexico and Indonesia, which called for a total ban on nuclear tests, including underground tests.

Approval by more than half of the 117 signatory nations to the treaty is needed to amend the accord. The signatory nations include the United States, Britain, and the Soviet Union; but China and France, both nuclear powers, have not signed the treaty.

"Since the end of World War II, Japan has consistently appealed, as the only nation that experienced nuclear bombs, for the ultimate realization of a complete elimination of nuclear weapons," Donowaki said at the outset of his speech. Donowaki also said Japan has actively strived for the maintenance and strengthening of the nuclear non-proliferation treaty regime, adding that proliferation of nuclear weapons has become a growing concern in recent years. But he described a comprehensive nuclear test ban as an extremely delicate and complex problem involving the security of nations.

"In reality, before adopting such an amendment (to the partial test ban treaty), one will have to carefully examine whether a test ban at this time of history will indeed enhance the security of each nation," he said. Donowaki added that as long as sources of international conflicts remain and other nations are perceived as possible threats, arguments in favor of nuclear deterrence will continue to be heard.

Pointing out that it is not only the nuclear powers that rely upon nuclear deterrence, but also their allied countries, including Japan, he said the problem becomes even more complicated. Donowaki, however, stressed the need for a comprehensive nuclear test ban, saying it is a matter of higher priority and urgency than a reduction in the number of nuclear arms. He also emphasized the need for an attitude of trying to tackle the problem together, not by putting international pressure on nuclear powers.

"All the nations concerned should, instead of keeping confronting each other, be engaged in a sincere dialogue and thoroughly discuss the real reasons that necessitate continued nuclear testings," he added.

Donowaki said: "The lack of meaningful progress so far in achieving a comprehensive nuclear test ban may well be due to the lack of a dialogue in its true sense among the nations concerned," pointing to the importance of a step-by-step approach for the achievement of the ban.

MITI Terminates Quota on Steel Exports to EC

OW0801125091 Tokyo KYODO in English 1004 GMT 8 Jan 91

[Text] Tokyo, Jan. 8 KYODO—Japan has scrapped its quota system for steel exports to the European Community as the country's dwindling steel exports to the region have reduced its significance, government sources said Tuesday.

The Ministry of International Trade and Industry (MITI) and the Fair Trade Commission (FTC) have decided not to extend the quota cartel, which expired at the end of last year, the sources said. The cartel for steel exports to the United States, however, will be extended in keeping with Japan's voluntary restraint on steel shipments to that country, which is to remain in effect until March 1992.

Since May 1985, Japan's six leading steel makers have joined in a cartel to ensure compliance with a Japanese decision to voluntarily limit steel exports to the 12-nation EC. But Japan's steel shipments to the area have steadily declined, to 316,000 tons in 1989 from 1.4-1.5 million tons in the 1970s, making the cartel unnecessary. The move also reflects the desire of the FTC to beef up enforcement of its antimonopoly law, the sources said. There are at present 30 quota cartels still in existence in Japan.

Ozawa Says No to Liberalization of Rice Market

OW0801123291 Tokyo KYODO in English 1031 GMT 8 Jan 91

[Text] Tokyo, Jan. 8 KYODO—Ichiro Ozawa, secretary general of the ruling Liberal Democratic Party, said Tuesday that time is not ripe for Japan to liberalize its rice market. Speaking on a commercial television program Tuesday, Ozawa noted the ruling party pledged not to open the rice market in an election campaign last year.

The United States is not demanding the immediate opening of Japan's rice market, and the matter should be solved within the framework of the Uruguay Round of multilateral trade talks, he said. Washington would accept a reasonable agreement to be reached in the course of multilateral negotiations, he added. His remark was regarded as an indication that U.S.-Japanese discussions on the rice issue may be avoided.

Ozawa said he is prepared to visit Moscow before a scheduled trip to Japan by Soviet President Mikhail Gorbachev in April. Both sides should be fully prepared to show sincerity in negotiations on pending issues, he said.

Kobe Steel To Give Aid to Hungarian Mill

OW0801071691 Tokyo KYODO in English 0558 GMT 8 Jan 91

[Text] Osaka, Jan. 8 KYODO—Kobe Steel Ltd. said Tuesday that it has concluded an agreement with a United Nations affiliate to give technological assistance to a Hungarian steel company. The project, to be financed by the United Nations Industrial Development Organization (UNIDO), is to help Hungary's Dimag Stock Corp. boost efficiency and tackle pollution problems.

The Hungarian firm, with annual output capacity of about 1 million tons, has a production efficiency estimated at only one third of Japan's average, according to Kobe Steel officials. Kobe Steel will help improve facilities and deal with pollution, and plans to come up with a blueprint by this summer, they said.

UNIDO previously placed a similar order with JGC Corp. and Sumitomo Metal Industries Co. Ltd. to tackle environmental problems involving another steel plant near the Sajo River in Hungary.

Banks Increasing Funds Through Subordinated Loans

OW0801142591 Tokyo KYODO in English 1313 GMT 8 Jan 91

[Text] Tokyo, Jan. 8 KYODO—Japanese banks are going to renew their drive to raise funds through so-called subordinated loans and debt in a bid to meet international capital adequacy standards.

According to bankers, a frenzy of such fund raising will exist until March, the final month of fiscal 1990 for most banks, because banks need to prepare for year-end earnings reports. But they said that banks, mindful of possible repercussions as seen last September, will refrain from overindulging in such funds in order to avert a resurgence of criticism. Because of such cautiousness, bankers said the amount of such fund raising in the second half would fall below that in the first half of the fiscal year.

In late September, major banks sought subordinated loans and issued subordinated bonds overseas to meet capital standards set by the Bank for International Settlements (BIS).

The strategy sparked criticism both within and outside Japan and caused confusion in financial markets due to a sudden rise in interest rates which resulted. The BIS rules require that internationally active banks have capital equivalent to 8 percent of risk-weighted assets by March 31, 1993. But of the 12 major banks with nationwide networks, only three managed to clear the target in the first half of fiscal 1990, ended last September, because of the collapse of Japan's stock market.

The BIS rules allow banks to count as capital roughly half their off-the-book gains on securities holdings, but the lingering slump in the stock market has wiped out much of such gains. But banks are allowed to use proceeds from subordinated loans and subordinated debt as capital to meet the bis rules. The repayment priority on such borrowing is secondary to other debt in the right of payment in the event of a liquidation.

Upon the finance ministry's request last October, banks suspended fund-raising plans involving subordinated loans and debt, but the ministry allowed them to conditionally resume such activities last November.

The BIS rules have put regionally operated banks in a difficult environment as well. They are looking to raise funds totaling some 50 billion yen by the end of March through allocation of new shares to stockholders at a price set between the face value and the market price. But bankers said the total sum of such funds is relatively small and predict the fund-raising operations will not adversely affect Japan's stock market.

Mongolia

Democratic Party Leader Rejects Marxism-Leninism

OW0901091391 Ulaanbaatar MONTSAME in Russian 1513 GMT 5 Jan 91

[Text] Ulaanbaatar, 5 Jan (MONTSAME)—"If we want to achieve a real revolution which is capable of bringing us to a society of market relations, we should part with the delusion about a rehabilitation of Marxism-Leninism and reject it," said E. Bat-uul, leader of the Mongolian Democratic party. He delivered the political report today at the opening of the extraordinary congress of his party.

During the two days of work of the congress its 800 delegates must work out a new action platform for the party and renew its charter. The draft of the new charter includes provisions which recognize the right of party members to form factions, to elect leaders on a competitive basis, and other (?issues).

Noting that 56 percent of the provisions [words indistinct] of the party had already been realized in practice, E. Bat-uul said: "Today we must reject several of its points, particularly those concerning the economic sphere." In connection with this he emphasized that "Time demands that we elaborate (?an alternative position) in relation to the government economic concept, and not an opposing one." [passage indistinct]

Leaders Greet Cambodian Revolution Anniversary

OW0901033491 Ulaanbaatar MONTSAME in Russian 1505 GMT 5 Jan 91

[Text] Ulaanbaatar, 5 Jan (MONTSAME)—Punsalmaagiyn Ochirbat, President of the MPR [Mongolian People's Republic], and Dashiyn Byambasuren, prime minister of the MPR, have sent a congratulatory telegram to Heng Samrin, chairman of the Council of State of the State of Cambodia, and Hun Sen, chairman of the Council of Ministers, on the occasion of the 12th anniversary of the Cambodian revolution.

"We confirm the consistent support of the MPR State and Government for the Cambodian people's struggle to establish peace on the territory of Cambodia and for the country's development and progress, and express confidence that the warm cordial relations of our two countries will continue to expand and strengthen," the telegram says.

Small Hural Chairman Greets Cambodia's Chea Sim

OW0901084091 Ulaanbaatar MONTSAME in Russian 1510 GMT 5 Jan 91

[Text] Ulaanbaatar, 5 Jan (MONTSAME)—Radnaasumbereliyn Gonchigdorj, vice president of the Mongolian People's Republic and chairman of the State Small Hural, has sent a telegram to Chea Sim, chairman of the National Assembly of the State of Cambodia, in which he cordially congratulated all members of the National Assembly and conveyed best wishes on the occasion of the 12th anniversary of the Cambodian revolution.

Private Ownership of Livestock Increases

OW0901091691 Ulaanbaatar MONTSAME in Russian 1458 GMT 5 Jan 91

[Text] Ulaanbaatar, 5 Jan (MONTSAME)—According to preliminary results of a recent livestock census, the number of head of livestock privately held by MPR [Mongolian People's Republic] citizens amounts to 7.5 million. Judging by this, the number of head of personally held livestock may surpass figures for 1959 by 1 million head.

A noticeable growth in private farms was promoted by the elimination of limits that existed for many years on the numbers of personal livestock. A decree annulling the aforementioned limits was adopted by the MPR People's Great Hural Presidium in March last year on the initiative of the MPRP [Mongolian People's Revolutionary Party] Central Committee. The state's decision is assessed in Mongolia as an important step aimed at increasing agricultural production, strengthening the country's economy, and improving the provision of food and the living standards of the population.

According to the newspaper UNEN, despite three repeat socializations of the personal livestock of citizens in the past 30 years, the private farms of livestock breeders continue to play an important role in the country's economy. Presently 30 percent of all livestock is to be found in private farms. More than 80 percent of private livestock belongs to members of agricultural associations. Private subsidiary farms presently produce 21 percent of gross animal husbandry production, 27 percent of the meat, and 40 percent of the milk.

In the past few years transfer of livestock has been carried out from public herds to private farms of livestock breeders who either had no private livestock at all or had an insignificant number.

According to the forecasts of specialists by 1992 the number of private livestock will be brought to nine million.

North Korea

President No Tae-u's New Year Speech Denounced

SK1001102091 Pyongyang Domestic Service in Korean 0024 GMT 10 Jan 91

[NODONG SINMUN 10 January commentary: "Absurd Remarks Revealing Separatist Position"]

[Text] On 8 January, the puppet No Tae-u held a so-called New Year news conference at Chongwadae. He made a lengthy nonsensical speech for about an hour and half. But there were no new or worthwhile points. His press conference only revealed his color as a fascist nation-seller and separatist. Through this conference, he attempted to mislead public opinion at home and abroad in such a manner as to conceal his crimes, evade responsibility, and distort and overturn the truth. This conference was merely a political drama designed to settle a serious crisis in his rule.

In particular, his remarks on the issues of North-South relations and reunification aroused the people's indignation, going beyond criticism.

Last year, all fellow countrymen in the North, the South and abroad effected a new turning point in the reunification movement by waging a pannational struggle for reunification in the 1990's.

Following such a trend, we put forward epoch-making proposals at the beginning of the year for determining the way for national reunification based on the principle of one nation, one state, two systems and two governments and for realizing the great national unity in order to expedite peace and the peaceful reunification of the nation and to effect a peaceful turning point in national reunification.

However, in the New Year news conference in which he claimed he would reveal the direction of state affairs, No Tae-u has not put forward any plan and proposal concerning the reunification issue nor has he revealed his position toward dialogue for reunification. Thus, he completely turned away from our just reunification proposal.

He made absurd and preposterous remarks that the trend of reform sweeping over Europe is surging into Eastern Asia, and that viewing international change and reform, the North would also change. He then raved on that he will calmly and patiently wait until that time.

Judging from the way he spoke, it appears that he has been fascinated by the other country's methods of reunifying through absorption and integration, and he is dreaming of achieving such reunification in our country by carrying outside forces on his back. This is indeed a ridiculous act similar to a little dog not fearing the tiger.

No one can demolish our socialist system which our people built with our own strength by embodying the great chuche idea and consolidated by realizing the unity of the leader, the party and the masses.

No Tae-u's remarks that he will patiently wait for change in the North are nothing but an expression of his separatist position that he will maintain the present division forever.

His remarks, made when all fellow countrymen are vigorously marching toward the reunification of the nineties, are a challenge and treachery to the nation.

As for change, the one who should really change is the No Tae-u group. South Korea is a closed colonial society which built a wall against the trend of the world even it is within the world and which could not free itself from the outdated bridle of subjugation. It is a dictatorial society where unprecedentedly atrocious military rule is implemented.

When the world is advancing along the road of disarmament and detente, the No Tae-u group is still engrossed with consciousness of cold war and with inferiority complex while merely giving lip-service to the collapse of the cold war system and structure of confrontation.

For national reunification, a change from the No Tae-u group's separatist line to reunification line should take place. No Tae-u attempted a cunning trick to conceal his crime of blocking civilian-level dialogue between the North and the South. He then attempted to shift the responsibility for failure of such dialogue onto us.

He claimed that he permitted everyone to contact the residents in the North and to visit the North according to a so-called law. However, how many requests for contact and exchange with the the North did he permit last year? Yet, he raved as if such contact and exchange were not realized due to someone else.

No Tae-u has frustrated, with a bayonet, the calls from all walks of life for dialogue, to include stopping the South side's delegates to the pan-national meeting on 15 August from marching to the North. Does he believe that he can gloss over his enormous crimes with just a lies?

By yelling in his speech that any attempt to contact the North in defiance of his policy of a single channel for dialogue with the North is illegal and, therefore, he cannot tolerate it, No Tae-u has even admitted that it is he, himself, nobody else, that blocks the dialogue between civilians.

Not only has No Tae-u tried to shield the U.S. imperialists' occupation of South Korea and their aggressive maneuvers there, but he also clamored that he would keep pursuing northern policy and maneuvers to become a member of the United Nations on the basis of consolidating the friendly and cooperative relations with such Western countries as the United States, arguing that the external obstacles to reunification are disappearing.

His babblings simply reveal his toadyist, treacherous disposition and splittist stand to perpetuate the division of the nation and prolong his life by riding on the coattail of outside forces, including his U.S. master.

Although he spoke tediously about so-called domestic and foreign policy, such as politics, economy, and culture, his speech was like a rag in the true sense of the word, containing not even the empty promises that he has been repeating time after time.

What he stressed in his speech was his vow to strongly crack down on any kind of illegal act concerning the elections, including the offering of money and preelection campaigning, in order to make the coming elections of the local autonomous assemblies clean and fair. No Tae-u, who has come into the presidential office thanks to his bayonet and corruption and fraudulence and has already amended the Constitution to stack the local autonomous assemblies with the Democratic Liberal Party [DLP] clan, is not qualified to babble about fair and clean elections.

He does babble about fair and clean elections but it is his intent to hold the coming elections with the use of police force and corrupt, fraudulent means, as in the past, and,

91

going even one step further, pave the way for the DLP's prolonged stay in power at all cost.

Whining about various economic woes, No Tae-u pledged that he will achieve economic stability. There is no need to prove the premise that the subordinate colonial economy will not allow this.

In his speech, No Tae-u spiritedly said that he will keep fighting a war against crime and that he will consistently carry on his undertaking designed to curb violence, illegal acts, and disorderliness, without giving an inch. This is nothing but an expression of his intention to turn South Korea into a stage taken by bloodier fascism and to mercilessly suppress the South Korean youth, students, and people who aspire for independence, democracy, and reunification.

In his speech, No Tae-u has once again put on full display his nature as a toadyist and traitor, too. This is well expressed in his statement that he will send an army medical team to the Gulf even if it may cause South Korea to suffer losses and is willingly to meet U.S. demand that Korea open up its market wider.

The No Tae-u ring is bent on occupying its position as a colonial running dog only by currying favor with its imperialist master, taking no notice of what happens to the country and people. What a brazen-faced and filthy group of people they are!

It is no accident that the South Korean opposition parties branded No Tae-u's New Year news conference as a confirmation of the current regime's inability and as a scheme to keep the oppressive system in place and to prolong their stay in power.

The puppet traitor's uttering at the outset of a new year is nothing but a death rattle of a dictator who is doomed to fall.

However, the No Tae-u ring's fate has already been decided, no matter how forcibly it may try to kick to free itself from the fate.

As long as the No Tae-u ring, which is now engrossed in fascism, nation-selling, and splittist maneuvers after discarding even his empty promises on democratization and his promise that he will become a ruler devoting himself to reunifying the country like a pair of worn-out shoes, is left intact, it is impossible to settle the reunification quest.

The South Korean people will never leave them alone under any circumstances. A fascist dictator who has turned his back on people will inevitably perish.

SKNDF Spokesman Urges South To End Repression

SK0501115991 Pyongyang KCNA in English 1008 GMT 5 Jan 91

[Text] Pyongyang January 5 (KCNA)—The spokesman of the South Korean National Democratic Front [SKNDF] (Hanminjon) published a commentary on December 29, strongly urging the No Tae-u fascist group to immediately stop the repression of the patriotic pro-reunification forces and unconditionally and immediately release the guiltless students and patriots who had been arrested on charges of involvement in the "case of Chamintong [Independence Democracy Reunification]" and the "case of Chonminhaknyon [expansion unknown]," radio Voice of National Salvation reported.

He said:

The "case of Chamintong" and the "case of Chonminhaknyon" faked up by the No Tae-u fascist group are part of the intrigues to crack down upon people and a vicious drama for political repression aimed at enervating the student movement.

The No Tae-u fascist group is bent on repressing the people to bridge over the political and economic crisis and achieve the stability of the pro-U.S. conservative "government" and is resorting to the old-time practice of seeking an excuse for the repression in "leftist pro-communism".

It fabricated "Chamintong" as an underground organization and linked it with Chondaehyop in a far-fetched way. This is a premeditated repressive offensive to stifle the student movement by branding Chondaehyop as "a leftist seditious force."

The fascist group linked the "Chonminhaknyon" with the "case of Saromaeng [South Korean Socialist Workers League]" which was also invented by itself. This is an open expression of its plan for a wholesale crackdown upon the national democratic movement forces.

Hanminjon bitterly denounces the No Tae-u fascist group's fabrication of "case of Chamintong" and the "case of Chonminhaknyon" as a fascist repression of the national democratic movement forces and the patriotic pro-reunification forces and a vicious challenge to the people of all walks of life.

It also strongly demands that the fascist "National Security Law" rejected by all people be abolished and all the intelligence repressive organs including the "security planning board" and the "army security command" be dissolved.

SKNDF Sends New Year's Letter

SK0501053191 Pyongyang KCNA in English 0422 GMT 5 Jan 91

[Text] Pyongyang January 5 (KCNA)—The Central Committee of the South Korean National Democratic Front (Hanminjon) [SKNDF] issued a New Year's letter to the South Korean people on January 1, radio Voice of National Salvation reported.

The letter said:

The main goal of this year's struggle is independence, democracy and national reunification with the main stress on the anti-U.S. struggle.

It is important in the anti-U.S. struggle for independence this year to oppose the interference of the United States and wage the struggle for the withdrawal of the U.S. troops and nuclear weapons as a nationwide mass struggle in combination with the struggle against the U.S. pressure for market opening. It is also imperative to lead the regional anti-U.S. struggles to a "nationwide" struggle, combine all struggles with the anti-U.S. struggle and orient them to it so as to decisively liquidate the U.S. colonial domination.

Our people must thoroughly smash the military dictatorial group's scheme for long-term office through "constitutional revision for parliamentary cabinet system" under the motto "Dissolve the Democratic Liberal Party" and "Down with No Tae-u."

It is essential in the national reunification movement this year to concentrate on fully exposing the antinational nature of No Tae-u's theory of "unification of systems" and thoroughly frustrating the "northern policy" and the "unilateral entry into the United Nations" for the creation of "two Koreas" and, at the same time, lay a more important stress on strongly advocating the building of a confederal, unified state by our own nation and people and securing the people's agreement on its realisation.

This year, the movement for national reunification must be waged as a struggle for the immediate abolition of the anti-reunification "National Security Law" and release of the messengers of reunification, a total stop to the "Team Spirit" exercises and adoption of a nonaggression declaration between the North and the South and a struggle against "unilateral entry into the United Nations." This movement must be combined with the struggle for the withdrawal of nuclear weapons and U.S. troops.

The letter called for resolutely rejecting the fascist separatist group's argument about "unified channel of dialogue" and opening the door of many-sided nongovernmental dialogues of workers, farmers, students and other people so as to bring about a new epoch of national reunification in the 1990s with the concerted efforts of the nation.

Opposition Party Leader Supports Kim Speech

SK0501112791 Pyongyang KCNA in English 1032 GMT 5 Jan 91

[Text] Pyongyang January 5 (KCNA)—To reunify the country by means of confederation on the basis of one nation, one state while leaving the two systems and two governments existing in the North and South as they are is the only fair and aboveboard great principle of defining the method of national reunification most suited to the present situation in our country, said Yi Kye-paek, chairman of the Central Committee of the Korean Social Democratic Party [KSDP], in a statement made to the press today.

Believing that the new national reunification proposal advanced by the great leader President Kim Il-song in his new year address for 1991 in a deepgoing, widerange and overall manner is a reasonable and patriotic measure most correctly reflecting the matured requirements of the developing reuification movement, he warmly welcomed and supported it together with all the KSDP members.

In the situation of our country where two different ideas and systems actually exist in the North and South, national reunification should be realized by establishing a confederation based on one nation, one state, two systems and two governments, on the principle of neither side conquering the other or being conquered by the other, he said, and went on:

The great principle of defining the method of national reunification laid down by the great leader President Kim Il-song is a great proposition of principle which makes it easy for both the North and South to accept and which indicates a shortcut to national reunification.

I believe that the proposal for founding a democratic confederal republic of Koryo [DCRK] advanced earlier by respected President Kim Il-song is a most realistic and reasonable common reunification proposal of the nation which crystalizes the great principle of defining the method of national reunification.

In his new year address the respected president clarified a new feasible and magnanimous stand of gradually and completely effecting reunification through confederation by vesting the regional autonomous governments of the confederal republic with more rights on a tentative basis and then increasing the functions of the central government in the future in order to make it easier for the whole nation to reach national agreement on the proposal for founding the DCRK.

Believing that the respected leader President Kim Il-song's proposal for the convocation of a political consultative conference for national reunification is a most just step for solving the question of national reunification at the earliest possible date, I express the expectation that the South Korean authorities, political parties and organizations will show a positive response to it.

South Defectors Back Kim Il-song Proposal

SK0501120291 Pyongyang KCNA in English 1014 GMT 5 Jan 90

[Text] Pyongyang January 5 (KCNA)—Defectors from South Korea actively supported the new proposal for national reunification advanced by the great leader President Kim Il-song in his New Year address.

Kang Hun-ku, who was a trade official and accountant of the Marine Trading Co. Ltd. of South Korea, said:

The reunification proposal advanced by the great President Kim Il-song in his New Year address is a most just one reflecting the desire of the 70 million Koreans to accomplish the cause of national reunification as soon as possible and a most realistic and reasonable one which can be accepted by all easily.

As President Kim Il-song said, a pressing question in hastening national reunification is to ensure peace on the Korean peninsula and create peaceful preconditions for the reunification of the country. The United States and the South Korean authorities loudly cry for "peace" and "unification" while maintaining huge military forces including nuclear weapons in the area South of the military demarcation line, constantly increasing armaments and inciting a war fever under the pretext of "threat from the North." This is a criminal act flaunting the entire Korean people and the peaceloving people of the world who want genuine peace and reunification.

To reunify our country, where two different systems exist in North and South, by means of confederation based on one nation, one state, two systems and two governments, is a most realistic and just, great principle of national reunification which is acceptable to anyone.

Chon Kye-pong, who was a worker at the Yongjin Boiler Co. Ltd. of South Korea, said:

President Kim Il-song's new proposal for national reunification is a great programme of reunification which enables our people to accomplish the cause of national reunification at the earliest date possible.

President Kim Il-song stressed a great unity of the whole nation must be realized in order to quicken national reunification.

National reunification cannot be achieved merely by the efforts of the authorities or privileged classes.

The South Korean authorities must discard a self-opinionated attitude toward reunification dialogue, scrap the "laws" hostile to the North, immediately release coed Yim Su-kyong, Father Mun Kyu-hyon and other people who were arrested after visiting the North and provide all people of the South with an equal right to freely contact and have dialogue with the North.

All political forces of the political parties and groupings and people from all strata who wish national reunification must coordinate their arguments and actions and firmly solidarize with one another on the united front for national reunification and invigorate the reunification movement.

Mun Chin-kuk, who was an engine driver of the evangelical ship "Halla" belonging to the Immanuel Missionary Church in Seoul, South Korea, said:

To insure peace of the country and create peaceful preconditions for national reunification is a pressing question in the settlement of the reunification question. The United States and the South Korean authorities must accept the proposal of the North to adopt a nonaggression declaration between North and South, conclude a peace agreement between the DPRK and the U.S., drastically reduce the armed forces and withdraw U.S. troops and nuclear weapons from South Korea.

NODONG SINMUN on Coming South Elections

SK0601110391 Pyongyang KCNA in English 0823 GMT 6 Jan 91

["Violent and Fraudelent Election Predicted"—KCNA headline]

[Text] Pyongyang January 6 (KCNA)—The South Korean puppet prime minister in a "new year interview" with Radio Christian some time ago blared that the "government" would from the new year "take measures" against and "sternly deal with" possible degenerate practices in the "election to the local assemblies" scheduled this year.

Meanwhile, Kim Yong-sam, "chairman of the Democratic Liberal Party [DLP]," called a "new year's commencement ceremony" of the party and vowed "victory" in the forthcoming "local assembly election."

These utterances of the "DLP" and puppet administration bosses revealed the criminal scheme of the present military fascist clique to "win" the "local assembly election" at all costs and put fresh muscles into the long-term power system and predicted that the forthcoming "election" will be a violent and fraudulent election rare to be seen in history due to their manoeuvres, declares a news analyst of NODONG SINMUN today.

He goes on:

The "DLP regime" of No Tae-u is now facing a serious crisis owing to the massive resistance of the people who demand independence, democracy and reunification.

The South Korean opposition parties are preparing themselves to overwhelm the "DLP"clan in the "local assembly election" and "general election" expected in the future and the people are vowing to turn these "elections" into an arena of struggle for judging the "DLP."

The No Tae-u group, finding itself in a serious crisis, is making desperate efforts to get out of it and realise its long-term office desire, come what may.

The No group would be well advised to act with discretion, looking squarely at the will of the people not to tolerate the military fascist dictorial "power" any longer.

Prospective South Visit by President Bush Viewed

SK0601090991 Pyongyang KCNA in English 0817 GMT 6 Jan 91

["Criminal Trip for Sinister Purpose"—KCNA headline]

34

[Text] Pyongyang January 6 (KCNA)—MINJU CHOSON today comments on the South Korean trip of U.S. President Bush scheduled in March.

The news analyst says:

Lurking behind the visit of the U.S. imperialist master to his puppet is the dark design to convert South Korea further into U.S. colony and military base under the cloak of "cooperation" and carry into practice his Korean and Asian strategy at any cost.

We can never overlook the proposed tour of South Korea by Bush when our people's fervor for reuification is rising to the highest tide ever.

The U.S. reactionary ruling clique pretend to be interested in "peace" and "reunification" of the Korean peninsula, vociferating about the "end of the cold war." But, their action is quite the opposite.

In April last year, they announced "a U.S. troop cut plan" on the Korean peninsula. But, it is, in essence, intended to more effectively readjust the U.S. forces present in South Korea and reinforce them qualitatively.

There is no doubt that the U.S.-South Korea "cooperation plan" to be "discussed" by Bush with the puppet will include the scheme to obstruct the reunification of Korea and create "two Koreas" as an important item.

Bush seeks to delay the reunification of Korea and realise the permanent occupation of South Korea by the U.S. more easily by visiting the puppet and encouraging the latter in the "northern policy" and wild desire "for reunifying the country by prevailing over communism and absorbing the North."

The U.S. ruling clique should give up their anachronistic scheme to permanently occupy South Korea and obstruct the reunification of Korea and get out of South Korea with all their aggression forces, as demanded by the Korean and the world people.

Cuban Delegation, Soviet Envoy Arrive 7 Jan

SK0801032191 Pyongyang KCNA in English 1508 GMT 7 Jan 91

[Text] Pyongyang January 7 (KCNA)—A delegation of the Korean Journalists Union led by First Vice-chairman of its Central Committee Choe Yong-sam left here today to attend the 11th conference of the Internationtional Organization of Journalists slated in Zimbabwe.

A Cuban Government economic delegation led by Ernesto Melendez Bachs, chairman of the State Committee for Economic Cooperation, and Aleksandr Semenovich Kapto, ambassador E.P. of the Soviet Union to Korea, arrived here today.

Over 700 Small Power Stations Under Construction

SK0401090091 Pyongyang KCNA in English 0358 GMT 4 Jan 91

[Text] Pyongyang January 3 (KCNA)—A host of minor power stations are under construction in Korea. Now more than 700 power stations of this kind are being built across the country.

Last year witnessed the completion of 160, which added tens of thousands of kw to the generating capacity.

In Chagang Province the construction of structures for 50 odd stations has been completed at valleys where high heads of water are available and 20 power stations are producing electricity.

Tens of power stations have made their appearance in South Pyongan and South Hamgyong provinces.

The minor power stations built with local efforts with the use of water of small rivers, mountain valleys and irrigation water serve effectively for village lighting and for heating of dwellings and public buildings, operation of local industrial factories and mechanization of farming to lessen the state's burden in power supply .

South Korea

Kaifu Says Nations Should Walk 'Hand in Hand'

SK1001014891 Seoul THE KOREA HERALD in English 10 Jan 91 p 2

["Excerpts" of Japanese Prime Minister Toshiki Kaifu's speech dinner hosted by President No Tae-u in Seoul on 9 January]

[Text] Japan will soon be initiating negotiations with North Korea on the normalization of our diplomatic relations, and I assure you that, maintaining close contacts with the Republic of Korea, we intend to take the broader situation on the peninsula into consideration in our talks and to conduct these negotiations in such a way as contributes to peace and stability on the Korean peninsula.

The dissolution of the cold war is beginning to be felt in Asia as well, and there are moves for the relaxation of tensions on the Korean peninsula.

Keeping the new world order in mind, Japan and Korea should grope for a concrete path in which the two countries should walk hand in hand toward the 21st century.

Our two countries, which could lead Asia which is full of dynamic development potential, should strengthen constructive dialogue and seek cooperation in the interest of prosperity in Asia and the other parts of the world.

We should surmount some barriers in order to forge cooperative ties as mature partners.

The Japan-Korea 21st Century Commission, in a report, noted that both countries can neither become responsible members of the international community, nor can they build a new constructive relationship, unless they initiate reforms in their social systems and their peoples' attitudes.

It may be difficult for both countries to carry out such reform, but I think it is important that the two countries cope with such a difficult task with courage and a sense of independence.

What seems most important is the changes in the peoples' level of consciousness and I think central to such reform is a deep sense of history in every citizen.

Although I offered repentance and apologies to you for the unfortunate past when your excellency visited Japan, most of our people share such a sense of history.

We should not forget the past but keep the reflection alive for a new era.

We will try to have our people deepen their understanding of Japan-Korea relations.

No Tae-u Says Nations Share 'Great Vision'

SK1001015191 Seoul THE KOREA HERALD in English 10 Jan 91 p 2

["Excerpts" of No Tae-u's speech at dinner for Japanese Prime Minister Toshiki Kaifu in Seoul on 9 January]

[Text] Our two countries share a great vision that we as true neighbors shall work together for the attainment of common prosperity on the basis of sincere and humble introspection regarding the dark histories in our past. Today, as we remove the vestiges of our unfortunate past and the barriers that history has set in our mind, Korea and Japan are moving forward together toward the twenty first century, a century of common prosperity for all mankind.

We should actively encourage citizens in all walks of life to participate in cultural, academic, and information exchanges, and facilitate the exchanges between our younger generations, who are the masters of our future.

As a result of the brilliant economic achievements of Korea and Japan, East Asia has now emerged as a powerful region of the world, where energy, vitality and development potentials overflow. Strengthening of economic, scientific and technology cooperation between our two countries will not only contribute to our own development but will accelerate the arrival of a more prosperous Asia-Pacific as well.

As the revolutionary changes that transformed world order continue the promotion of friendly cooperation between our two countries becomes all the more important. We have to join our efforts to promote stability and cooperation in the Asia-Pacific region, while deterring aggressions that endanger world peace and meeting challenges to the free trade system that has brought progress to the world at large.

The reduction of tension and confrontation in the Korean peninsula has always been at the heart of our fight for peace in this region.

Improving relations with the Soviet Union and East European countries through northward diplomacy is part of the Republic of Korea's effort to bring forth the day of peace and unification in Korea.

Now that Germany has been unified, our country is the only place in the world that still remains divided. Although the waves of reconciliation wash the shores of most countries of the world, the Demilitarized Zone in the heart of the Korean peninsula still remains frozen in the mode of the cold war.

We sincerely hope that your excellency and the people of Japan will join us in hoping that the tides of openness and reform will expedite the arrival of spring in this divided and frozen land.

Organizations Rally To Protest Kaifu's Visit

SK1001012091 Seoul THE KOREA TIMES in English 10 Jan 91 p 3

[Text] Social organizations mounted sporadic rallies yesterday in a strong protest against the official visit to Korea by Japanese Prime Minister Toshiki Kaifu.

Over 200 members from eight social groups, including the Association of the Bereaved Families of Korean Independence Fighters, marched to the Japanese Embassy at Chunghak-tong, Chongno-ku, Seoul after holding a protest rally at Pagoda Park.

In a statement they criticized Japan for sacrificing a countless number of Korean youths in World War II and demanded Kaifu make an official apology for Japanese colonial rule of the Korean peninsula. They also demanded full compensation for Korean victims of the Pacific War including a guarantee for the legal status of Korean residents in Japan. The protesters urged Japan to stop its on-going military buildup once and for all.

Separately, about 120 members from the Kwangju chapter of the Association of Bereaved Families in the Pacific War tried unsuccessfully to come to Seoul for an anti-Japanese rally early yesterday morning, when they were halted at a police road block.

The Business Promotion Organization in Commemoration of Independence Fighter Yi Pong-chang, headed by Kim Chae-hong, asked Prime Minister Kaifu to apologize for having executed the Korean patriot. It also demanded the Japanese leader visit Yi's tomb.

The Consultative Council for the Abuse of Korean Comfort Women (Teishitai) stage a protest rally against Kaifu's Seoul visit at Pagoda Park Tuesday afternoon.

Meanwhile, the National Police Headquarters [NPH] strengthened security in the capital during Kaifu's visit posting roughly 4,000 riot police from 30 companies at downtown areas of the city. The NPH has deployed approximately 1,100 police around Pagoda Park and the Japanese Embassy. A 5,000-strong police force will be reinforced around Pagoda park which the Japanese leader plans to visit today in an expression of a Japanese apology for the 36-year colonial rule of Korea.

Man Attempts Suicide To Protest Kaifu Visit

SK1001090691 Seoul YONHAP in English 0742 GMT 10 Jan 91

[Excerpt] Seoul, Jan. 10 (OANA-YONHAP)—A man stabbed himself in the belly with a 20-centimeter knife during a rally Thursday to protest a visit to South Korea by Japanese Prime Minister Toshiki Kaifu and was listed in fair condition in hospital.

Kim Kyong-min, 36, an executive of the association of bereaved families of the Pacific war, demanded an apology for atrocities committed by Japan during its colonial rule of Korea and then plunged the knife into his body, witnesses said. Kim's life is not in danger, but he has a cut 25 centimeters long and 2 centimeters deep, a doctor said.

The incident happened across the street as Kaifu entered Pagoda Park in central Seoul to lay a wreath in token repentance for Japan's historic crimes against Korea. Pagoda Park was the birthplace of the independence movement against Japanese rule in 1919.

Kim shouted "Apologize, Japan" and "Hurrah for the Republic of Korea" as he slashed his stomach, according to witnesses. He was taking part in a rally opposing Kaifu's visit with about 100 members of eight organizations, including his own, across the street from their "sacred place," which was ringed with police.

Before his ritual suicide attempt, Kim handed a four-page statement to a companion that said, "Kaifu's visit is a scheme to gloss over the deep-rooted animosity and distrust of 70 million Korean nationals without a sincere apology." Kim is the eldest son of the late Rep. Kim Tu-han and a grandson of independence fighter Gen. Kim Chwa-chin. He ran in the 1988 general elections under a slogan that stressed the importance of national spirit for a "second liberalization" of Korea [passage omitted].

Kaifu Undertakes 'Self-Examination' in Seoul

SK1001091791 Seoul YONHAP in English 0849 GMT 10 Jan 91

[Text] Seoul, Jan. 10 (OANA-YONHAP)—Japanese Prime Minister Toshiki Kaifu undertook "self-examination" over the atrocities committed against Koreans in Japan's 36-year-long colonial rule of the peninsula on Thursday by paying tribute at a monument to the March 1 independence movement in a Seoul park. Arriving at heavily-guarded Pagoda Park at 11:50, Kaifu and his wife laid a wreath at the foot of the monument and offered a brief silent prayer to symbolize repentance for Japan's historic crimes against Korea. He was accompanied by the head of Chongno Ward.

Pagoda Park is where 33 patriots read the Korean declaration of independence to launch the March 1 independence movement in 1919, inspiring millions of Koreans across the country to rise up against Japanese rule without weapons. Thousands were killed or arrested. "At the explanations here, I could adopt right thinking and introspection of history. Visiting here in lieu of Japanese nationals, I make self-examination of Japanese history to build future-oriented Korea-Japan relations," Kaifu said.

The park was under heavy police guard for the visit from Wednesday, with thousands of riot troopers and police dogs mobilized on the perimeter and in the streets nearby. Half hour before Kaifu arrived, 30 members of eight organizations charged into the park with placards and pickets opposing Kaifu's visit and shouting anti-Japanese slogans, but were forced back across the street by the police. Critics charge that Kaifu is unqualified to visit the park because Japan has not apologised for the atrocities of its rule from 1910-1945, when hundreds of thousands of Koreans were forced into service as slave labor, soldiers and "comfort girls."

Earlier in the morning, six members of the association of the bereaved families of the Pacific war gathered in front of the park to ask Kaifu to confirm whether their fathers and brothers are still alive. Kwon Pyong-chan, 52, carrying a picture of his father, Kwon Yong- chul, 71, in Japanaese Army uniform, and military postcards, asked the police how he could deliver the things to Kaifu to get a clue to his father's fate. Late Wednesday night, 30 members of the association were dispersed by riot troopers when they tried to set up camp in the park to stop Kaifu from "tainting the sacred place."

No, Kaifu Agree on 3 Partnership Principles

SK1001032091 Seoul YONHAP in English 0300 GMT 10 Jan 91

[Text] Seoul, Jan. 10 (YONHAP)—South Korean President No Tae-u and Japanese Prime Minister Toshiki Kaifu agreed on three principles to build a future-oriented partnership in talks Thursday.

The principles are promoting exchange, cooperation and mutual understanding; strengthening contributions to the peace, reconciliation, prosperity and opening of the Asia and Pacific region; and playing a constructive role in the settlement of global issues, Korean officials said.

Kaifu flew into Seoul on Wednesday for a two-day visit aimed at smoothing bilateral relations, upset by the past and by such current issues as a huge trade imbalance in

Japan's favor and Japan's discrimination against Korean residents in Japan. No and Kaifu also met Wednesday afternoon for talks.

The two agreed that bilateral relations had been hampered by Japan's colonization of Korea (1910-45) and shared the view that a new era of friendship and cooperation should be ushered in. Noting that Japan is an economic giant and Korea a newly industrializing economy, No and Kaifu agreed to positively cooperate to improve the international trade environment, to resist the tides of protectionism and regionalism and to open an "Asia-Pacific era," the officials said. They vowed to stand together in the Uruguay Round global trade talks and enhance regional cooperation in the Third Ministerial Conference of the Asia-Pacific Economic Cooperation, slated for Seoul in October.

To redress the imbalance in Korea-Japan trade, which resulted in a Korean deficit of over 6 billion U.S. dollars last year alone, the two agreed to encourage technical cooperation between private companies.

Expressing satisfaction with an agreement by their foreign ministers to improve the legal status of resident Koreans in Japan, No and Kaifu said such a move would be conducive to promoting bilateral amity.

Kaifu called on No to step up controls on Korean fishing operations in seas neighboring Japan under a bilateral fishing accord.

Foreign ministers Yi Sang-ok of Korea and Taro Nakayama of Japan agreed in talks Thursday morning to improve Japanese regulations relating to the deportation and re-entry of Korean residents in Japan, the controversial fingerprinting of foreigners and requiring them to carry alien registration cards at all times and the schooling of Korean children.

Kaifu was to visit Pagoda Park in downtown Seoul, site of a declaration that kindled a nationwide anti-Japanese movement on March 1, 1919, to lay a wreath in token repentance. He will lunch with Korean business leaders and give a news conference before returning home later in the afternoon.

Japan's North Relations 'Should Not' Harm Ties

SK1001063791 Seoul YONHAP in English 0529 GMT 10 Jan 91

[Excerpt] Seoul, Jan. 10 (YONHAP)—[passage ommited] The [Japanese and South Korean] foreign ministers shared the view that improving relations between North Korea-Japan should not harm the existing friendly and cooperative ties between South Korea and Japan. They agreed to make efforts to promote the five principles No suggested during his visit to Tokyo in May. They include making significant progress in South-North Korean dialogue and exchange and North Korea's joining the nuclear safeguards agreement of the international atomic energy agency.

Yi [Sang-ok] said South Korea's entry into the United Nations should be realized this year and Nakayama confirmed Tokyo's support and cooperation for Seoul's efforts to join the world body.

The two agreed to make government-level efforts to promote technology cooperation among private businesses of their nations by holding a session of the Korea-Japan industrial technology cooperation committee in Tokyo this spring. The committee was formed under an agreement reached in the Korea- Japan ministerial conference in November.

Nakayama suggested a policy consultative council of senior diplomats from South Korea, Japan and the United States but was told the matter should be discussed through diplomatic channels.

No, Kaifu Agree To Strengthen Bilateral Ties

OW1001064791 Tokyo KYODO in English 0547 GMT 10 Jan 91

[By Tadashi Matsumoto]

[Text] Seoul, Jan. 10 KYODO—President No Tae-u on Thursday welcomed Japan's commitment to stop fingerprinting South Korean residents in Japan, saying he hopes the move will serve to promote "mutual trust and reconciliation" between the two countries.

No and Japanese Prime Minister Toshiki Kaifu also agreed during their second round of talks Thursday to strengthen bilateral ties in order to herald a new "future-oriented" partnership between Tokyo and Seoul, Japanese officials said. The two leaders vowed to join forces to tackle global issues and to turn the Asia-Pacific region into a region of peace and prosperity, the officials said.

Kaifu is to return home Thursday evening after a two-day visit, his first to South Korea since becoming prime minister in August 1989.

"I hope that the Korean residents in Japan will become a bridge for mutual trust and reconciliation between our two countries," No was quoted as telling Kaifu after the Japanese premier briefed him on details of the proposal to end fingerprinting. An agreement between the two countries on the issue was contained in a memorandum signed earlier in the day between Japanese Foreign Minister Taro Nakayama and his South Korean counterpart Yi Sang-ok. The memorandum says Japan will abolish the fingerprinting requirement for South Korean residents of Japan within the next two years. The memorandum also committed Japan to open public service jobs in local governments to Korean residents in Japan and allow them to be employed as teachers in state schools.

Under current Japanese law, all foreigners over 16 living in Japan for more than a year are required to submit the print of their right index finger when being issued with an alien registration certificate.

There are 680,000 Korean residents in Japan, by far the largest foreign community. Most of them are descendants of Koreans who were taken to Japan during World War II as forced labor. Korea was under Japanese colonial rule from 1910 to the end of the war in 1945. Fingerprinting has been one of the most sensitive issues dividing the two countries, whose relations have long been soured by mutual distrust. Koreans in Japan have protested against the fingerprinting system as degrading and discriminatory, pointing out that apart from foreign residents, only criminals are required to be fingerprinted by the Japanese authorities.

Referring to future relations between Tokyo and Seoul, Kaifu and No agreed that the two countries will construct a partnership in the Asia-Pacific region as well as in the world arena. No said Seoul and Tokyo should promote mutual understanding and cooperation between the two countries in every field. No also said he hopes both countries will be able to tackle together world issues including free trade problems and the Gulf crisis.

Touching on cultural relations between the two countries, No and Kaifu reached an agreement proposed by Japan to set up personnel exchanges at local government, school, and company levels.

On bilateral trade, No regretted that South Korea's exports to Japan had fallen in 1990 and its trade deficit with Japan had widened to 6 billion dollars. He called on Japan to correct the trade imbalance through the transfer of Japanese technology to South Korea and by opening up the Japanese construction market, an area where South Korea commands a competitive edge. Kaifu replied that Japan is making every effort to expand its domestic market so as to absorb more imports. He also said the transfer of technology to South Korea is a matter for Japanese private firms, adding that it is very important for both countries to build up trust over investment and payments.

Kaifu was noncommittal toward No's plea for support on South Korea's bid to join the United Nations unilaterally if North Korea does not agree to simultaneous membership, saying that Tokyo "will bear the South Korean position in mind."

On the Gulf crisis, they expressed the hope that Iraq and the United States will resolve the crisis peacefully. They called on Iraq to pull its forces out of Kuwait in accordance with U.N. Security Council resolutions.

At the end of the meeting, No conveyed an invitation for Emperor Akihito to visit South Korea at an appropriate time. Kaifu thanked No for the invitation and promised that the Japanese Government will consider the trip.

Kaifu Seeks Support for Territorial Dispute

OW0901105391 Tokyo KYODO in English 0946 GMT 9 Jan 91

[By Tadashi Matsumoto]

[Text] Seoul, Jan. 9 KYODO—Prime Minister Toshiki Kaifu on Wednesday enlisted South Korea's support in Japan's territorial dispute with the Soviet Union, asking President No Tae-u to keep Japan's position in mind in developing its ties with Moscow.

The two leaders discussed the recently normalized Soviet-South Korean relationship and other regional developments in their first meeting hours after Kaifu arrived in Seoul for a two-day visit, Japanese officials said.

No promised to "consult fully" with Japan in his country's developing relationship with the Soviet Union, a Japanese spokesman said. No, in turn, asked Tokyo to consult closely with Seoul in its normalization talks with North Korea, saying negotiations between Tokyo and Pyongyang should be held "in conjunction with" Seoul's own talks with the rival Pyongyang Government.

Kaifu gave his assurances that Japan's talks with North Korea, scheduled to begin later this month in Pyongyang, will promote peace and security on the Korean peninsula, Japanese officials said.

The two leaders spent 50 minutes at the Presidential Blue House discussing regional and international issues, the officials said. Kaifu and No will address bilateral ties in their second round of talks, scheduled Thursday morning. The officials quoted Kaifu as welcoming the improved relations between the Soviet Union and South Korea and asking No to take "Japan's position into account" in developing further ties with Moscow.

Japanese-Soviet relations have been deadlocked over the Japanese claim to four islands off eastern Hokkaido the Soviets have occupied since the end of World War II. Kaifu's request that South Korea consider the Japanese position reflects Tokyo's concern that the Soviet Union might use its new ties with South Korea to deflect Japanese pressure.

Moving beyond regional affairs, Kaifu and No also agreed to appeal to Iraqi President Saddam Husayn to seek a peaceful solution to the Persian Gulf crisis, Japanese officials said.

Kaifu, accompanied by his wife, Sachiyo, and Foreign Minister Taro Nakayama, arrived in Seoul on Wednesday morning and went immediately to the National Cemetery on the outskirts of Seoul to pay his respects to the Tomb of the Unknown Soldier. Kaifu's arrival in Seoul was greeted with demonstrations and a tough stand from the opposition camp, which demanded that Japan apologize for its past colonial rule and make amends for the problems of Korean residents of Japan.

Both Kim Tae-chung, leader of the leading opposition Party for Peace and Democracy, and Kim Hyon-kyu, leader of the No. 2 opposition Democratic Party, turned down invitations to meet Kaifu during his visit. Dozens of citizens staged a rally at Pagoda Park in central Seoul, the symbol of Korea's independence movement, demanding both Japanese Emperor Akihito and Kaifu apologize for Japan's 1910-1945 colonial rule of Korea. Kaifu's plan to visit Pagoda Park on Thursday also drew a sharp reaction from the Democratic Party, which described it as a "big-power gesture."

Kaifu's planned visit to the park marks a "challenge to the national emotions" of Koreans because Japan has yet to fully apologize or pay compensation for its colonial rule, the Democratic Party said in a statement Wednesday. The park, located in central Seoul, is the symbol of Korean resistance against Japan's colonial rule. Pagoda Park is where 33 Korean nationalists read a declaration of independence from Japanese rule in 1919, touching off the so-called March 1 Movement. The nonviolent movement swept the nation before it was bloodily suppressed by the Japanese military and police. The park is full of stone carvings depicting Japanese atrocities.

Authorities stationed 4,500 riot police near the Japanese Embassy and other strategic locations to deal with anti-Japanese rallies during Kaifu's visit, his first since becoming prime minister in August 1989.

At a welcoming dinner No was to hold for Kaifu on Wednesday night, the Japanese prime minister was expected to apologize again for Japan's colonial rule of Korea, the source of continued strains in bilateral ties, Japanese officials said. Kaifu also apologized last May when No visited Tokyo.

The agenda for the second round of summit talks Thursday includes the legal status of Korean residents of Japan, South Korea's trade deficit with Japan, which soared to 6 billion dollars in 1990, and the transfer of Japanese technology to South Korea. Kaifu is expected to tell No that his Government will abolish the fingerprinting requirement for Japan's 680,000 Korean residents by January 1993, or if possible by the fall of 1992. The move is also expected to be applied to other foreign residents. Under present Japanese law, foreign residents over the age of 16 are required to be fingerprinted for the alien registration certificates they must carry with them 24 hours a day.

Japanese Foreign Ministry officials hope the scrapping of fingerprinting will remove one of the major psychological obstacles to improving bilateral relations. Ties are also hindered by South Koreans' memory of the colonial period and their perception that Japan has not properly come to grips with its responsibility.

Kaifu Gives News Conference Ending Seoul Visit

SK1001102591 Seoul YONHAP in English 1010 GMT 10 Jan 91

[Text] Seoul, Jan. 10 (YONHAP)—Japanese Prime Minister Toshiki Kaifu stressed here Thursday that South Korea and Japan should expand private-level exchange and cooperation to build a "future-oriented partnership."

In a news conference winding up his two-day visit to Seoul at Korea Press Center, Kaifu said his government, in its talks with North Korea on normalization of relations in late January, would "fully consider" easing tension on the Korean peninsula and bringing peace to the region.

On lawsuits filed against the Japanese Government by relatives of Korean victims of Japanese colonial rule, the prime minister would only say, "I think the question of Korean claims against Japan was settled at the time of the 1965 treaty of normalization (between South Korea and Japan)." He said his government had conveyed to Seoul in August last year a list of 80,000 Koreans who were forcibly drafted by Japan and was working on lists to be additionally sent here.

Asked what Japan would do for the multinational forces in the Persian Gulf, Kaifu said Tokyo was pondering "a new form of cooperation" of sending personnel. Japan had planned to dispatch its Self-Defense Forces to the Gulf but shelved the plan in the face of strong public protest. The plan also provoked protest from Asian neighbors, including Korea, that experienced Japan's military aggression early this century.

Kaifu is the second Japanese prime minister to visit Seoul. Yasuhiro Nakasone was here in January 1983.

No Expresses Regret Over Collapse of Gulf Talks

SK1001073791 Seoul YONHAP in English 0717 GMT 10 Jan 91

[Text] Seoul, Jan. 10 (YONHAP)—South Korean President No Tae-u and Japanese Prime Minister Toshiki Kaifu shared regret Thursday over the collapse of U.S.-Iraqi talks to avert war in the Gulf. No and Kaifu had expected a peaceful solution to come out of the Geneva talks, presidential spokesman Yi Su-chung said. He quoted Kaifu as telling No that he had ordered Japan's ambassador to the United Nations, Yoshio Hatano, to make active arbitration efforts.

Middle East crisis was mentioned apart from the summit talks, which covered a variety of bilateral issues, Yi said. Kaifu was to leave Seoul at 7 p.m. After a two-day visit.

Kaifu Expresses Regret

OW1001003791 Tokyo KYODO in English 0006 GMT 10 Jan 91

[Text] Seoul, Jan. 10 KYODO—Prime Minister Toshiki Kaifu on Thursday expressed regret over the fruitless outcome of the foreign ministerial talks between the United States and Iraq, held to seek a resolution of the Gulf crisis.

Kaifu, currently on a two-day visit to South Korea, made the comments in reference to the talks between U.S. Secretary of State James Baker and Iraqi Foreign Minister Tariq 'Aziz for nearly seven hours in Geneva

30

Wednesday. Kaifu said Japan still hopes the Gulf crisis can be resolved by peaceful means.

The Japanese Government has called on Iraq to undertake a total withdrawal of its forces from Kuwait, which it invaded and occupied on August 2 last year, Kaifu said. He said Iraq should consider the serious consequences of its failure to respond to the various U.N. resolutions which demand that Iraq pulls out from the oil-rich emirate.

Kaifu said international cooperation and solidarity are very important in resolving the crisis, adding that Japan will make every effort to commit itself to cooperating with those countries which are trying to bring peace to the Persian Gulf and the Arabian peninsula. A total of about one million U.S.-led multinational and Iraqi forces are now deployed along the Saudi Arabian border with Kuwait and Iraq following Iraq's invasion of Kuwait last August.

Ministers Also Disappointed

SK1001032691 Seoul YONHAP in English 0257 GMT 10 Jan 91

[Text] Seoul, Jan. 10 (YONHAP)—South Korea and Japan expressed regret Thursday that talks between the U.S. and Iraqi foreign ministers in Geneva had made little progress toward peace.

Discussing Persian Gulf developments, Foreign Ministers Yi Sang-ok of Korea and Taro Nakyama of Japan also said they hoped the United States and Iraq would make further efforts for a peaceful solution of the Gulf crisis.

Nakayama arrived Wednesday with Prime Minister Toshiki Kaifu, who is on a two-day official visit to Korea. Yi and Nakayama also urged Iraq to pull out of Kuwait in accordance with U.N. resolutions.

Rogachev Promises Report on KAL Flight 007

SK0901021091 Seoul YONHAP in English 0128 GMT 9 Jan 91

[Text] Seoul, Jan. 9 (YONHAP)—South Korea has officially asked the Soviet Union for a full report on the 1983 downing of a Korean airliner and will take further steps as soon as it receives a reply, Foreign Ministry Spokesman Chong Ui-yong said Wednesday.

The request was made by Vice Foreign Minister Yu Chong-ha to Deputy Soviet Foreign Minister Igor Rogachev during the first bilateral policy consultation meeting on Monday at the Ministry.

Rogachev promised to find out if recent reports on the loss of Flight 007 were true after returning home and to notify Seoul of the results through diplomatic channels.

The American weekly magazine U.S. News and World Report said in its latest issue that the Soviet Union had long ago recovered the remains of the victims and secretly cremated them. The Boeing 747 with 269 people aboard was shot down by a Soviet fighter on Sept. 1, 1983, shortly after it strayed into Soviet airspace over Sakhalin while flying from New York to Seoul via Anchorage, Alaska.

USSR Ready To Transfer Technology

SK0901150991 Seoul HANGUK ILBO in Korean 9 Jan 91 p 12

[Report on interview with Dr. Anasova, member of the Soviet Academy of Sciences in charge of scientific affairs, by correspondent Yi Chang-hun from Moscow; date, place not given]

[Text] The Soviet Union reportedly is eager to earnestly develop cooperation with the ROK in such scientific areas as physics, metallurgic engineering, chemistry, and biotechnology.

The Soviet Union has made clear its intent to transfer more advanced science and technology to the ROK and to actively promote the establishment of joint ventures. This will be to enable the ROK to produce goods in the joint ventures by applying these sciences and technologies.

Dr. Ludmila Anasova, 50, female secretary in charge of scientific affairs at the Economics Department of the Soviet Academy of Sciences, stated the above in a special interview given to this reporter in Moscow toward the end of last year. She said: I plan to establish a special center specializing in cooperation with foreign countries to help foreign businesses that hope to invest in the Soviet Union establish ties with Soviet research institutes.

Dr. Anasova, also an assistant to Dr. Shatalin who proposed the transition toward a market economy, the so-called 500-day reform package, is a well known female scholar and professor specializing in Asian economics. She was among the first Soviet students sent to Vietnam in 1963 and has written seven books and about 100 dissertation papers.

Following are the questions and answers between Dr. Anasova and this reporter:

[Yi] What do you think prevents the Soviet Union, a scientifically advanced nation, from making progress in the production of consumer goods, including the daily necessities?

[Anasova] The Soviet Union has seen countless inventions and brilliant development in scientific areas, but we have failed in linking these scientific successes to the business firms.

Ever since the market economy system was introduced, business firms have begun opening their eyes and are still in their infancy. The pressing task is to commercialize advanced technology.

[Yi] The ROK needs more advanced technology. Do you think that Soviet sciences and Korean businesses will be able to establish joint ventures?

[Anasova] They can in various areas. Since the ROK has developed commercial technology, if it can use Soviet technology, it will be complementary to both countries. With the intent of inducing foreign businesses to establish joint ventures with Soviet businesses, the Soviet Academy of Sciences plans to establish with the United Kingdom, Italy, and Germany a special center for this purpose, and the ROK had better join in such a project.

[Yi] Many Korean businesses want to invest in the Soviet far east.

[Anasova] Siberia has rich deposits of such minerals as coal and gas, and other kinds of natural resources. The Soviet Union is fully prepared to jointly develop this region with foreign countries. Our institutes in such places as Khavarovsk are striving to develop cooperation with foreign countries. ROK businesses, too, will find it advantageous to actively seek to do so.

[Yi] I understand that the Soviet Union plans to designate certain regions as special economic zones. What can you say about this?

[Anasova] A few regions, including the Soviet far east, are candidates. After some individual republics declared their economic independence, they developed economic cooperation with foreign countries on their own, according to their own rules. It is my understanding that those in Leningrad, where Sobchak, a radical reformist is mayor, plan to turn the city into a free trade city.

[Yi] Foreign businesses seem to regard their investment in the Soviet Union as a dangerous risk. What do you think about this?

[Anasova] Nothing can be achieved if people are mutually suspicious of each other or hesitant. True, the Soviet Union has not much experience in establishing and running joint ventures with foreign countries. Nevertheless, many institutes are ready to cooperate with foreign countries. I think there are no borders when it comes to economy.

German President To Visit Trade Fair in Seoul

SK0901092391 Seoul YONHAP in English 0903 GMT 9 Jan 91

[Text] Seoul, Jan. 9 (YONHAP)—German President Richard von Weizsaecker will visit Seoul in late January, the first German head of state to do so, German officials said Wednesday. In a news conference on the opening of "German Hightech Fair" at Seoul's Korea Exhibition Center on Jan. 27, Ambassador Juergen Kleiner and Gunther Becker, chairman of the organizing committee, said the German president would attend the tape-cutting ceremony.

The fair, running through March 9, will feature the machinery, plant designs, electronic and electric products, chemical and optical engineering and automobile manufacturing techniques of 300 companies from both halves of Germany. The first fair since German unification at midnight Oct. 2, it is co-sponsored by the Federal Economy Ministry, the Confederation of German Trade Fair and Exhibition Industries (AUMA) and the Korean-German Chamber of Commerce and Industry.

While in Seoul, von Weizsaecker will have a summit with President No Tae-u and discuss ways of upgrading economic cooperation between the two countries with Korean officials. Germany has often held industrial fairs abroad, but the Seoul one will be the largest in terms of number of the participating firms, a spokesman for the bilateral Chamber of Commerce said.

North Denounced for Airing Letter Over Radio

SK1001023491 Seoul YONHAP in English 0211 GMT 10 Jan 91

[Text] Seoul, Jan. 9 (YONHAP)—South Korea denounced North Korea Wednesday for airing a letter to government officials and politicians in the South by Pyongyang radio.

"Through a telephone message, our call for North Korea to halt its useless letter propaganda offensive notwithstanding, we cannot but voice our deep regret at its unveiling a letter that is certainly aimed at cooling the mood of exchange and dialogue maturing between South and North Korea and at its freely using a unification front strategy," National Unification Board spokesman Choe Pyong-po said.

He challenged North Korea to immediately stop "indiscreet behavior" and adopt a realistic and normal stance if it really wants peace and unification of the Korean peninsula.

"It is our government's consistent position that major inter-Korean issues such as national reunification should be discussed between the South and North Korean authorities with legitimate powers and responsibilities based on the nation's will," Choe said.

After South Korea refused to accept the letter in the afternoon, the North Korean radio announced that copies had been sent by international mail to 27 prominent South Koreans, including President No Tae-u, opposition leader Kim Tae-chung and the Rev. Mun Ik-hwan, adviser to the dissident National Alliance of Democratic Movements (Chonminnyon), and then read the contents of the letter on the air.

The northern broadcast said the letter proposed a pan-national conference for the national reunification, Choe said.

Korean Flights to Shanghai Reportedly Canceled

SK1001092591 Seoul YONHAP in English 0906 GMT 10 Jan 91

[Text] Seoul, Jan. 10 (YONHAP)—China revoked a permit for Korean Air flights to Shanghai on Nov. 28 last year, shortly after the Beijing Asian Games, and the Transportation Ministry and Korean Air conspired to hush up the news, according to informed sources here.

"The Chinese said they could not accept flights because of the condition of the airport in Shanghai," an airline spokesman said Thursday. A group of teachers found the service was canceled when they had to return via Hong Kong from a training trip to China. The flights began in August 1989.

Airport conditions cannot be the real reason for the cancellation, say Korean industry experts. They say they suspect China desires to appease North Korea and get the initiative in air talks with Seoul and may make many new demands in return for allowing South Korea to overfly Beijing.

Korean Air is attempting to open flights from Seoul to Moscow over China and Mongolia and flights linking Tokyo, Seoul and Beijing.

No, Kim Tae-chung To Discuss Major Issues

SK1001112191 Seoul YONHAP in English 1104 GMT 10 Jan 91

[Text] Seoul, Jan. 10 (YONHAP)—President No Tae-u will meet with opposition leader Kim Tae-chung on Jan. 19 to exchange views on a wide range of pressing political and economic issues. The meeting was agreed upon in a meeting of floor leaders of the ruling Democratic Liberal Party (DLP) and the opposition Party for Peace and Democracy (PPD) Thursday.

In the summit, which will be held for about two hours over breakfast at Chongwadae, presidential residence, No is expected to explain his plans on national affairs and seek the opposition party's cooperation.

No and Kim are expected to touch on issues concerning local council elections planned for March, anti-inflation measures, amendments of the National Security Law and the law governing the Agency for National Security Planning and the people's livelihood.

Also to be discussed are No's initiatives at inter-Korean reconciliation and diplomatic ties with China and the Persian Gulf crisis. Meanwhile, a PPD official said Thursday Kim postponed his Jan. 15 new year news conference as it coincides with the U.N.-imposed deadline for Iraqi withdrawal from Kuwait.

Brunei, Malaysia & Singapore

Malaysia

60 Nationals To Arrive Home From Jordan 11 Jan

BK0901153791 Kuala Lumpur Domestic Service in Malay 1430 GMT 9 Jan 91

[Text] Sixty Malaysian nationals will arrive at Kuala Lumpur's Subang International Airport from Amman, Jordan, on a Royal Jordanian flight this coming Friday. A spokesman of the operations room at Wisma Putra [Foreign Ministry] also disclosed that 75 other Malaysians will arrive in two flights on Sunday. They are believed to be some of the earlier batches of Malaysians leaving the Gulf following the threat of war there.

The spokesman added that as of this evening, the operations room had received about 30 telephone calls from the relatives of those who were still in the Gulf. The relatives requested Wisma Putra to help repatriate them when the war breaks out.

Meanwhile, the Malaysian Airlines System made its last flight from Dubayy today and will stop flying there from tomorrow.

Minister Clarifies Singapore Helicopter Intrusion

BK0901145691 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 9 Dec 91

[Text] Deputy Defense Minister Datuk Wan Abu Bakar has clarified the alleged intrusion of a Singaporean helicopter on 10 July 1990. Speaking in parliament in response to a question raised by Jelutong Member of Parliament Encik [Mr.] Karpal Singh, the deputy minister said what actually happened was that the helicopter was part of the (Minor Adex '93) joint exercise, which was held on the southern Malaysian peninsula.

The joint exercise was attended by five members of the Five-Power Defense Arrangement, and Singapore was one of the participants. Each foreign aircraft that took part in the joint exercise was granted diplomatic facility by the Malaysian Government. As such, no intrusion of Malaysian territory occurred.

Defense Agreement Signed With Papua New Guinea

BK1001080491 Kuala Lumpur BERNAMA in English 0722 GMT 10 Jan 91

[Text] Kuala Lumpur, Jan 10 (OANA-BERNAMA)—Malaysia will provide military assistance, mainly in training, to help Papua New Guinea [PNG] solve insurgency problems, Defence Minister Najib Abdul Razak said Thursday.

The PNG defence forces would be trained in counter-insurgency warfare and the ministry has offered 55 training courses, he said.

Malaysia and Papua New Guinea Thursday signed a memorandum of understanding (MOU) on defence cooperation which covers training and supply of equipment from Malaysia.

Najib and PNG Defence Minister Benais Sabumei, who arrived here Tuesday on a six-day visit, signed the memorandum here.

At a press conference later, Najib said the ministry had also agreed in principle to provide expert assistance in the drafting of a legislative framework to deal with insurgency in PNG.

He said the PNG Government needed immediate assistance in this field and several ministry and national security council personnel would be sent to that country as soon as possible.

Cooperation in training would also lead to exchange of military personnel, information and use of facilities between armed forces of the two countries, he said.

Najib however did not indicate possible deployment of Malaysian combat troops in PNG to conduct counter-insurgency training or for joint-exercises.

Sabumei, who also attended the press conference, said Malaysia's training doctrine and legislative framework in dealing with insurgencies, including the court martial system, was relevant to PNG.

He said Malaysia had extensive experience especially in encountering insurgencies and border management.

The insurgency problems in PNG include armed separatists on the mineral-rich Bougainville Island and Free Papua Movement (OPM) terrorists from Indonesia's Irian Jaya seeking refuge in PNG.

Malaysia's assistance in the construction of houses for the PNG defence force would be pursued as a separate bilateral issue between the two governments, said Sabumei.

He proposed that the first meeting of the MOU's joint working committee be held at Port Moresby within the next two months.

He said although PNG has had close military cooperation with Australia, it adopted a policy early last year to diversify defence relations with countries in the Southeast Asian region.

Cambodia

Sihanouk Views PRK Opposition to UN Plan

BK1001020491 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 9 Jan 91

[Text] Samdech Norodom Sihanouk, president of Cambodia and chief of the Cambodian national resistance forces, on 6 January issued a written statement denouncing the Vietnamese-backed Phnom Penh puppets' rejection of the peace plan for Cambodia worked out by the United Nations and the permanent five UN Security Council members.

The statement said: Phnom Penh has tried hard to oppose the restoration of peace in Cambodia for the following reasons:

First, Vietnam and the Phnom Penh regime have no desire to restore the Cambodian boundaries, both overland and maritime, to their pre-1970 state because over the past few years Vietnam and the Phnom Penh government have modified them for the benefit of Vietnam.

Second, there are presently in Cambodia more than 1.5 million illegal Vietnamese immigrants, more than 1 million armed militiamen disguised as villagers, more than 10,000 Vietnamese advisers and military and civilian technicians, and more than 40,000 Vietnamese combatants fighting the Cambodian national resistance forces [all figures as heard].

Third, Vietnam has no intention of renouncing the process of Vietnamization and colonialization of Cambodia and would not accept anything that stands in the way of its Indochina federation scheme. Thus, Sihanouk and the Cambodian national resistance must be discredited to the maximum.

The statement went on to stress: The question now is to know whether the Phnom Penh authorities completely accept or not the plan of the permanent five UN Security Council members. This issue is of vital importance.

The statement also said: The conditions for peaceful, political coexistence between the Cambodian national resistance and Phnom Penh are based on the following factors:

First, rejection of Vietnamese colonialism.

Second, sacred national union to recover and safeguard national independence and the 1969 territorial integrity of Cambodia.

Third, respect for human rights and the sovereignty of all Cambodian people.

Phnom Penh on Sihanouk's 'Accusation'

BK1001062791 Phnom Penh Domestic Service in Cambodian 1300 GMT 9 Jan 91

[Station commentary: "Who Obstructs the Cambodian Solution?"]

[Text] According to foreign news sources, on 8 January when Cambodian people throughout the country were celebrating the 12th anniversary of the 7 January national day—the day of rebirth for the Cambodian people, including Sihanouk himself—Samdech Sihanouk in a statement from Beijing tried to distort the truth by accusing the State of Cambodia Government of obstructing international efforts to solve the Cambodian problem. He charged that unlike the Polpotists, Son Sann, or his royal son, the State of Cambodia refuses to fully accept the UN peace plan. We would like to ask the samdech: On what grounds do you blame the State of Cambodia? Was it because you were offended by the State of Cambodia's refusal to let you become chairman of the Supreme National Council [SNC]? Or was it because you were not happy about missing the Paris meeting with the cochairmen of the Paris International Conference on Cambodia?

Observers who have closely followed developments in Cambodia know that the party which obstructed the process of the Cambodian solution was not the State of Cambodia, but the other factions, especially Samdech Sihanouk himself.

It is public knowledge that under the Pol Pot regime when column after column of Cambodians were marched off to the execution grounds and when the starving, emaciated Cambodian people were forced to do hard labor even when many were ill from epidemics, Samdech Sihanouk was imprisoned by Pol Pot and tried many times to commit suicide. He hinted to a few people that were it not for the timely arrival of the liberator Cambodian People's Armed Forces and Vietnamese volunteer troops, he would have already been dead, either at the hands of Pol Pot or by suicide.

But just a few days after the Cambodian people had toppled the Pol Pot gang, the samdech flew to the United Nations as a top representative of Democratic Kampuchea, where he voiced support for Pol Pot and condemned the Vietnamese Army volunteers who had just saved him. This is the root cause that has dragged out the Cambodian problem to the present.

In Kuala Lumpur, on 22 June 1982 when the Polpotists were suffering serious setbacks and were being exposed and condemned by the world, the samdech reasserted his loylaty by establishing a loose alliance with them. Ever since, not only has he made himself a shield covering up the stink of the Polpotists, but he has also turned himself into a gratuitous advocate defending them at all international forums.

People have not forgotten that in 1984 the government of the State of Cambodia sent its high-ranking representative to Paris to hold a secret meeting with Samdech Sihanouk in order to find a way to quickly end the sufferings of the Cambodian people. But because Pol Pot and his protectors were against it, the samdech refused to attend the meeting, allowing the civil war in Cambodia to drag on. In particular, over the past three years, Samdech Sihanouk has displayed an unstable, mercurial, and temperamental attitude, causing problems and the near-collapse of the process of finding a political solution to the Cambodian problem. During the past three years, of the last 16 meetings seven saw the State of Cambodia faction directly negotiating with Samdech Sihanouk. But in none of those seven meetings did Samdech Sihanouk ever display genuine goodwill and independence. He always demanded that the Cambodian people, the victims, accept the Pol Pot butchers in any political solution.

In particular, at the Paris International Conference on Cambodia, the samdech vigorously opposed the inclusion of the term genocide in the final document, thus bringing failure to the conference. In Tokyo in early June, although the samdech had already signed a joint statement with the State of Cambodia and the ink on the document had not even dried, the samdech again refused to comply with the spirit of that joint statement on the grounds that the Polpotists would not implement it.

Most important of all was what happened in Jakarta at the beginning of September 1990: when the meeting was finalizing the composition of the SNC, the samdech suddenly feigned illness and announced a six-month leave of absence from politics. But only six days later, that is, after the SNC had taken shape, the samdech vociferously demanded that he be accepted as chairman and the 13th member of the SNC, contrary to the Jakarta statement. Nevertheless, although the samdech himself announced that he would not become the chairman or member of the SNC, the Cambodian opposition has ever since continued to use the person of Samdech Sihanouk as an obstacle to the Cambodian solution. It is still fresh in memory that during the first session of the SNC at the former Cambodian Embassy in Bangkok, Son Sann, Khieu Samphan, and Ranariddh talked of nothing but the question of electing Sihanouk as SNC chairman, refusing to discuss other key issues. The session was therefore suspended and the Cambodian solution delayed to date. Is this the fault of the State of Cambodia? Is it true that the State of Cambodia has obstructed the solution?

Moreover, at the consultations between the cochairmen of the Paris International Conference on Cambodia and the SNC members in Paris on 21 and 22 December, the State of Cambodia faction did not obstruct or reject the UN peace plan at all. The six SNC members from Phnom Penh agreed on the majority of the fundamental points, and were unanimous that the remaining issues should be taken up for discussion within the framework of the coordinating committee of the Paris International Conference on Cambodia and within the framework of the SNC. The State of Cambodia is prepared to join in improving the draft peace plan on the basis of strict respect for the UN Charter and the Cambodian people's right to self-determination.

The Cambodian people need lasting peace and national reconciliation free from the threat of the genocidal Pol Pot regime. The samdech should have realized by now that during the last 12 years, only the forces of the State of Cambodia have been able to prevent the return of the genocidal Pol Pot regime. The forces of Samdech Sihanouk and Son Sann, allied to Pol Pot, are in no position to control the Polpotists. Therefore, to solve the Cambodian problem we must not consider only the interests of a single individual, but must pay full attention to the interests of the Cambodian people as a whole. The ones who should [words indistinct] are the Polpotists. At present, they are escalating the civil war in Cambodia. Worse still, on 3 January 1991, Khieu Samphan issued a message appealing to his troops to intensify attacks, which violates the international community's call to all Cambodian factions to be patient and observe restraint in the use of force on the battlefield.

The Cambodian people know very well who is their friend and who is their foe and they know, too, who has obstructed the political solution to the Cambodian problem. Not only is the arbitrary accusation that the State of Cambodia faction has obstructed the political solution to the Cambodian problem meaningless, but it can bring nothing but indignation and condemnation from the Cambodian people.

Chea Sim Addresses Ceremony in Kompong Som

BK1001091591 Phnom Penh Domestic Service in Cambodian 0430 GMT 10 Jan 91

[Report on ceremony to plant a pipal tree in Kompong Som City on 8 January—portions recorded]

[Summary] "At 0930 on 7 January, the helicopter carrying the party and state high-ranking delegation led by Comrade Chea Sim, member of the party Central Committee Political Bureau and chairman of both the National Assembly and the National Council of Kampuchean United Front for National Construction and Defense [KUFNCD], and the pipal tree slowly lowered itself to the ground and landed." "Comrade Chea Sim, accompanied by the delegation's members, came out of the aircraft carrying the pipal tree, handed it the venerable Ut Um, the city's chief monk, and then proceeded to warmly shake hands with leading cadres from the party, state, and Kompong Som city while Comrade Mat Ly, member of the party Central Committee Political Bureau and vice chairman of the party Central Committee's Control Commission; and Comrade Sim Ka, alternate member of the party Central Committee and secretary of the Phnom Penh party committee, disembarked."

"On the morning of 8 January 1991, corresponding to the eighth day of the waning moon and the year 2534 of the Buddhist Era, the party committee and people's committee of Kompong Som city solemnly organized a ceremony to plant the pipal tree."

"In the presiding committee were Comrade Chea Sim, member of the party Central Committee Political Bureau and chairman of both the National Assembly and the front National Council; Comrade Mat Ly, member of the party Central Committee Political Bureau and vice chairman of party Central Committee's Control Commission; Comrade Sim Ka, alternate member of the party Central Committee Political Bureau and secretary of the Phnom Penh party committee; Comrade Kim Yin, member of the party Central Committee and director general of the Voice of the Cambodian people radio; Comrade Som Kimsuor, member of the party Central

Committee and chief editor of the paper PRACHEACHON; Comrade Ros Chhun, member of the party Central Committee and minister of communications, transport, and posts; Comrade Yim Chhaili, member of the party Central Committee Political Bureau and health minister; Comrade Lim Nai, alternate member of the party Central Committee and secretary of the Kompong Som city party committee; Comrade Chum Horl, deputy secretary of the Kompong Som city party committee and chairman of the municipal people's committee; and Comrade Major General Nuon Saret, deputy interior minister."

Local figure Lim Nai spoke, expressing "profound and warmest greetings for the precious presence of Comrade Chea Sim, member of the Political Bureau of the Kampuchean People's Revolutionary Party Central Committee and chairman of both the National Assembly and the KUFNCD National Council, who, despite being busy leading the country, has taken time to lead the delegation to accompany the pipal tree."

[Begin Chea Sim recording] "This pipal tree is the symbol of the relations between Cambodia and India" as well as "the relations between Buddhism and other religions." "From now on, Buddhist followers and disciples and our Cambodian compatriots can continue to worship Buddhism forever because Buddhism will never perish. It is the genocidal regime that has destroyed the Cambodian people's lives and Buddhism and other religions worshipped by faithfuls and Cambodian compatriots over many centuries." "Whether Buddhism will survive or not depends on the fervor of Buddhist followers and compatriots. There is no measure to eliminate Buddhism or other religions."

"I would like to appeal to the power of the triple [Buddhist] jewels and the Buddha to help our Cambodian land enjoy full peace and assist in preserving Buddhism and other religions forever. May peace come quickly to compatriots and may all compatriots enjoy full peace and live harmoniously and most happily." "Our State of Cambodia will strive to revive what has been lost to fully respond to the aspiration and belief of every one of our people. The aspiration of the people is peace and security. Once there is peace and security, everything else will follow. The people and every monk will experience happiness." [end recording]

The presiding committee and the city's clergy accompanied the pipal tree to the planting ground and, in accordance with the Buddhist tradition, proceeded to offer food to 80 monks to complete the ceremony.

Government Increases Tax Collection in 1990

BK0601074491 Phnom Penh SPK in English 0413 GMT 6 Jan 91

[Text] Phnom Penh SPK January 6: In 1990, Cambodia increased its tax collection to 3,684 million riels (Cambodian currency) from only 2,300 million in 1989. The sum showed an increase of 184 million riels over the yearly target set by the Ministry of Finance.

Hong Tha, head of the Tax Collection Department under the Ministry of Finance, said that the result had come from a business boom in most provinces, cities, factories, and enterprises which have applied the economic-accounting system and measures against tax evasion.

Rubber Production Figures for 1990 Reported

BK0601074091 Phnom Penh SPK in English 0415 GMT 6 Jan 91

[Text] Phnom Penh SPK January 6—Rubber production in Cambodia last year amounted to 35,750 tons of latex and 25,930 tons of solidified latex, according to an estimate by the General Department for Rubber Plantation.

The volume of latex represented 90 per cent of the yearly target, it said.

Meanwhile, the department exported 31,000 tons of crepe and provided 1,218 tons of solidified latex to various industries and workshops throughout the country.

The cultivation of rubber saplings was also expanded. In the third quarter of 1990, the department planted rubber trees on 2,447 hectares, exceeding the yearly plan by 22 percent. This has brought the total acreage of rubber trees planted to 8,220 hectares.

Indonesia

Singapore's Goh, Ministers Arrive for Visit

BK0901111091 Jakarta ANTARA in English 1004 GMT 9 Jan 91

[Text] Jakarta, Jan 9 (OANA/ANTARA)—Singapore Prime Minister Goh Chok Tong arrived here Wednesday morning for a two-day visit to Indonesia to have talks with President Suharto.

The visit is the prime minister's first since he assumed office in November last year.

Prime Minister Goh, who is accompanied by his wife, arrived at Jakarta's Sukarno-Hatta International Airport with a commercial plane and was welcomed by among others Defense and Security Minister L.B. Murdani and Jakarta Governor Wiyogo Atmodarminto.

He said he made his first official overseas trip to Indonesia due to the seniority of President Suharto in ASEAN, the six-nation non-communist grouping of Brunei Darussalam, Indonesia, Malaysia, Singapore, the Philippines and Thailand.

At two P.M. Wednesday he met for two hours with President Suharto during which he stated that he intended to uphold the Indonesia-Singapore bilateral commitment established by President Suharto and Singapore's previous PM [Prime Minister] Lee Kuan Yew.

Minister/State Secretary Murdiono following the meeting also told the press that former Singapore PM Lee sent his regards through PM Goh to the Indonesian head of state.

The Singapore PM's delegation includes the trade minister, the finance minister and the defense minister, who also met with their Indonesian counterparts to discuss efforts to further enhance bilateral relations in various fields.

PM Goh is scheduled to depart Jakarta for Kuala Lumpur Friday.

Suharto, Goh on Enhancing Ties

BK0901131191 Jakarta Domestic Service in Indonesian 1200 GMT 9 Jan 91

[Text] Indonesia and Singapore have agreed to continue strengthening bilateral cooperation and relations, which have always been good. This was stated by President Suharto and Singapore Prime Minister Goh Chok Tong during their one-and-a half hour meeting at the Merdeka Palace this morning.

Speaking after the meeting between the two leaders, Minister/State Secretary Murdiono clarified that they also stressed greater efforts to enhance bilateral relations between the two neighboring countries based on the principles of mutual understanding, trust and friendship.

Besides this, President Suharto and the Singaporean Prime Minister Goh Chok Tong agreed to continue holding formal or informal traditional consultations between the two countries, in particular, and among other ASEAN member countries in general.

The Singaporean prime minister, who was accompanied by Mrs. Goh Chok Tong, flew into Jakarta this morning for a two-day visit to Indonesia. Tonight, the Singaporean guests will be entertained to a banquet at the State Palace hosted by President and Madam Suharto.

Indonesia is the first ASEAN country to be visited by Goh Chok Tong since he became Prime Minister of Singapore in November last year replacing Lee Kuan Yew.

Further on Strengthening Ties

BK0901163691 Jakarta Domestic Service in Indonesian 1500 GMT 9 Jan 91

[Text] Indonesia and Singapore have agreed to further widen their bilateral cooperation, trust and friendly ties. Their bilateral economic cooperation has recently developed rapidly through early steps taken in the implementation of the "Triangle of Growth" covering Singapore, Riau and Johor.

This was stated by President Suharto during the banquet hosted in honor of Singapore Prime Minister Goh Chok Tong and his wife, Mrs. Goh, at the State Palace tonight. The state leader said Indonesia and Singapore have also signed an economic cooperation agreement to develop the Riau Archipelago and to protect their investments. Besides this, the head of state stressed the importance of continuous formal and non-formal traditional consultations between the two leaders in particular, and among other ASEAN leaders in general. This effort is aimed at further enhancing solidarity among ASEAN member countries in facing the rapid changes in international politics, economy and security.

According to President Suharto, national resilience is of the utmost importance, especially for countries like those in ASEAN, in maintaining regional peace and stability. This would ensure ASEAN member countries make continuous efforts toward their national development programs.

Meanwhile, Singapore Prime Minister Goh Chok Tong stressed that the good mutual cooperation which has existed all along between Singapore and Indonesia will widen. Thus Goh Chok Tong will urge Singapore leaders and the people to visit Indonesia in an effort to further deepen mutual undertanding. Goh Chok Tong said Singapore will seek new avenues for greater cooperation. Joint economic development projects on Batam and Riau islands have begun. Projects on Bintan Island will further boost the bilateral relations of the two countries.

The Indonesian head of state and Prime Minister Goh Chok Tong exchanged gifts before the banquet. President Suharto presented a gilded Balinese kris [dagger], a batik shirt, and a book on Indonesia on the post-independence period to Prime Minister Goh Chok Tong, who in return presented President Suharto with a [word indistinct]. Madam Suharto presented a tea set and a piece of silk to Mrs. Goh. In return, Madam Suharto received a gem-studded (?box) from Mrs. Goh Chok Tong.

Prime Minister Goh Chok Tong, who was accompanied by Mrs.Goh, arrived this morning for a two-day visit to Indonesia, and held talks with President Suharto at the Merdeka Palace.

President Suharto Presents Draft State Budget

BK0801120091 Jakarta TVRI Television Network in Indonesian 0248 GMT 7 Jan 91

[Speech by President Suharto on the draft 1991-1992 state budget delivered at the House of Representatives in Jakarta—live]

[Excerpts] Peace be upon you! Honorable speaker, vice speakers, and members of the House of Representatives! Ladies and gentlemen! Fellow countrymen!

With a deep sense of joy today, I fulfill the honorable speaker's request for me to present the 1991-1992 draft state budget on the third year of the fifth Five-Year Development Plan. The current parliamentary session has a very profound and basic significance. This significance is that we are concretely implementing the very important pillars of democracy and our constitutional life. The profound and basic significance may escape the attention of some of us. Article 23 of our Constitution states that a state budget is instituted through law, every law. [passage omitted]

Fellow countrymen! We have entered the new year with a sense of relief and boundless thanks to Almighty God, particularly because we safely passed through 1990, which was full of dynamism. All of us need to take a wise lesson from all experiences over the preceding year. It is this wisdom that will carry all of us safely as a nation through the last years of the dynamic 20th century in the national and international arena. National stability, which gives scope for dynamism, and dynamism, which refreshes national stability, are prerequisites for us when entering the launching era. Experiences of other nations have shown that a transition to the launching era is critical and difficult. Some nations have succeeded, while some others have failed to pass the critical and difficult period. We have affirmed our determination not to fail but to succeed in safely entering the launching era. We must cautiously and vigilantly develop our political, economic, and sociocultural life. We must develop all aspects of this life in accordance with a correct rhythm and a clear objective. Our objective is very clear, that is to implement political, economic, and sociocultural development as a means of implementing pancasila.

Our guiding principles are also clear. They are the spirit and provisions of the 1945 Constitution. Our direction is also clear, given by the Broad Outline of State Policies and the national consensus we have come to from time to time. This is the most important key which has enabled us to enjoy such dynamic national stability for over two decades. Looking around us, we see with deep concern how some nations are suffering from endless political upheavals. Some of them are implementing democracies that run counter to their own identity, condition, and needs.

With a sense of sorrow, we see how some nations are split over ethnic, racial, and religious prejudices. With a sense of grief, we see how some nations are suffering from famine and disease. While hoping for a peaceful solution to the Middle East crisis, we see how some nations are facing the threat of a violent war which will bring immense destruction and misery. Therefore, let us maintain the national stability we are enjoying. Let us maintain national unity and cohesiveness with a spirit of togetherness and nationalism. The dynamic national stability and national unity and cohesiveness maintained in a spirit of togetherness and nationalism are indispensable to consolidate the basic framework of national development during the last years of the current fifth Five-Year Development Plan—the last years of the first 25-year long-term development program. We will continue to give priority to economic development because only through economic development will we be able to achieve progress, prosperity, welfare, and social justice. This does not mean that we are neglecting political, sociocultural, religious, moral, ethical, or spiritual development. With this determination, we will enter the third year of the fifth Five-Year Development Plan. This underpinning will highlight the 1991-1992 draft state budget which I present to the honorable House of Representatives!

Fellow countrymen! Entering 1991, we are once again faced with an unfavorable world situation. The Gulf crisis, which has seen no signs of settlement, has caused great uncertainty for prospects in the world's economic development in the coming months. Depending on Middle East developments, oil prices may soar or they may drop to their lowest levels. Such uncertainty is unfavorable for our economy. In the meantime, no matter how the crisis is settled, early symptoms indicate that the world economy will slow down in 1991. The economies of some industrialized countries are moving toward a recession. Some of them are already suffering an economic recession. In the meantime, there have been no positive signs of progress in the GATT talks which we hope will give attention to the interests of developing countries. Without our greater efforts, this situation will affect our non-oil and non-gas exports and hamper domestic investment.

Already in 1990 we were seeing signs of a slowdown in our non-oil and non-gas exports. But this was primarily due to a decline in the export prices of basic commodities, including mining products. Still, exports of our industrial products showed a general increase. We must not be disheartened by the less encouraging outlook of the world economy. The key for us is to be intelligent enough to exploit opportunities and avoid threats. We must increase non-oil and non-gas exports as much as possible. The current favorable oil prices should not lessen our efforts toward this end. We must do our best to maintain the competitiveness of our exports. During slower economic times in the world, we must further increase exports, thus preventing a slowdown.

It is important that we continue measures toward deregulation. We should also eliminate all obstacles that cause high export costs. In addition, we should continue toward deregulation in the field of imports so that cheaper basic materials and auxiliary and capital goods can lower production costs for our country's export-oriented goods.

We should also direct the export and import systems toward supporting the production of commodities for export. Also, we should modify import taxes and other levies to make them more rational and easily understood in an effort to further enhance efficiency in our domestic production. Consequently, we should also embark on deregulation measures in the investment and industrial sectors.

We have now passed through three quarters of the 1990-91 fiscal year. With the recent favorable oil prices, Indonesia's overall oil prices during the period have surpassed projections in our draft state budget. But prices during the 1990-91 period will depend on the performance of oil prices in the oncoming fourth quarter. As I mentioned earlier, it is difficult to determine the direction of oil prices in the coming months. If the income from our oil resources is higher than expected, then we should be cautious in managing the income from the favorable oil prices in anticipation of future uncertainties. Such benefits should not deter us from curbing inflation in the country and there should be no extra burden on our future balance of payments. The added income must be used to strengthen our foreign exchange reserve so we will be able to face any international turbulence that may arise. We have practiced such a cautious approach in maintaining our national economy. Such a principle has enabled us to safely and smoothly sail through numerous challenges in the past. Therefore, we shall steadfastly hold on to this principle. We will try as much as possible to avoid drastic measures to overcome economic problems. We want to ensure that our economy grows rapidly and is not affected by any turbulence.

Resorting to such a measure is better than taking drastic action to overcome economic problems. We managed to curb inflation successfully in 1990 through appropriate measures. Such measures placed no burden on the people. We can now see the result. In 1990, we were able to curb inflation, bringing it down to 9.53 percent. Since then, we have been able to further strengthen our position in our balance of payments in order to ensure that we will not be confronted with an undesirable situation. We will definitely continue to manage our funds consistently in accordance with the inflation rate and our balance of payments.

The draft state budget supports such objectives. Physical and monetary management both form the important supporting bases in the management of our economy. As such, we have carefully planned the 1991-92 draft budget by taking into account all possible factors—internal and external developments. We should fully utilize all allocations provided for in the draft budget. Taking into consideration current developments, and in carefully planning the state draft budget, the government has set a projected average oil price of U.S. $19 per barrel. The government considers the projected price level as realistic and secure for planning the state draft budget.

Meanwhile, we will further widen and develop the non-gas sector to further increase our sources of domestic income in an effort to allay any difficulties that might arise if our fiscal dependence on petroleum were to increase. Similarly, we will review our taxation system and we will intensify its implementation. We will effectively utilize all foreign assistance extended to us and carry out all foreign-funded projects and allocations selectively so we will not be burdened with debts. [passage omitted]

Honorable session! While abiding by the principles of a dynamic balanced budget, I would like to present to the honorable House of Representatives the 1991-1992 draft state budget totaling more than 50.5 trillion rupiah. This amount represents an increase of almost 18 percent over the current state budget. The draft state budget consists of state revenues and expenditures of similar amounts. State revenues are composed of domestic and development revenues, while state expenditures consist of routine and development expenditures. Domestic revenue is expected to reach almost 40.2 trillion rupiah, representing an increase of 27.2 percent over the current fiscal year. Of this amount, 15 trillion rupiah will come from oil and gas, while non-oil and non-gas commodities will generate a revenue of almost 25.2 trillion rupiah, an increase of 21 percent over the current fiscal year.

The non-oil and non-gas revenue will represent 62.6 percent of the total domestic revenue. The composition of the domestic revenue has showed that most of it will come from the non-oil and non-gas sector. The non-oil and non-gas revenue will be almost twice the oil and gas revenue. This shows that the the domestic revenue structure is becoming healthier and more durable, particularly against frequently uncertain oil prices. The growing non-oil and non-gas revenue in recent years is a positive outcome of continuous efforts to improve the taxation administrative system and the performance of tax personnel, as well as the people's growing awareness of the need to pay taxes. [passage omitted]

During the the launching period, we are determined to be self-reliant in all fields, including financing development. This means government savings wholly used for financing development must grow. Despite this, we realize the importance of foreign aid for our development while adhering to the direction and objectives of our own development strategy. Foreign aid is part of our development revenue. Development revenue, which is expected to reach almost 10.4 trillion, will consist of program aid amounting to about 1.5 trillion rupiah and project aid totaling some 8.9 trillion rupiah. This amount is less than the development revenue during the current fiscal year. That is the outlook for state revenues.

Now I would like to explain state expenditure, which consists of routine and development expenditures. A policy adopted in managing routine expenditures is intended to support activities indispensable for government administration, such as improving services to the people, maintaining the fruits of our development, and fulfilling the country's obligation to repay interests and installments on foreign loans. Routine expenditure is expected to reach more than 30.5 trillion rupiah, representing an increase of 14.7 percent over the current one. Routine expenditure is composed of expenditures for personnel and goods, subsidies for autonomous regions, repayment of interest and installments on foreign loans, and other forms of routine expenditure. Most of the routine expenditure will go toward the repayment of interest and installments on foreign loans. This will amount to over 14.3 trillion rupiah, representing an increase of 10 percent over the current one. The increase is primarily due to the repayment of foreign loans, as well as the fact that most of the foreign loans come from countries which have currencies that are becoming stronger. Though increasing, the total repayment on foreign loans has been less than 50 percent of the total routine expenditures during the last three years.

The next large routine expenditure will go to personnel. This will total almost 7.8 trillion rupiah, representing an increase of 12.2 percent. Most of this budget will be used to pay the salaries of civil servants, personnel of the Armed Forces of the Republic of Indonesia, and retired people. [passage omitted]

The next routine expenditure will be goods purchases. This will reach 2.2 trillion rupiah, representing an increase of almost 28 percent. Goods purchases will directly or indirectly enhance domestic economic activities. I would like to once again call on all government agencies to give priority to locally manufactured products. I would also like to call on all state enterprises, domestic business circles, and the people in general to give priority to locally manufactured products. Our national industries will grow only if their products are bought by our own people and exported. We rely on our national industries to achieve high economic growth in the future, to expand job opportunities, and to increase the people's income. The national industries must be deeply rooted in our own people but more so during the coming launching era.

The next routine expenditure will be subsidies for autonomous regions. Increasing by 10 percent, the amount will reach more than 4.6 trillion rupiah. Most of it will be used to pay the salaries of regional officials, while the rest will go to goods purchases.

The other huge routine expenditure will be a fuel subsidy. This amount will reach almost 1.2 trillion rupiah, almost twice that of the current fuel subsidy. The huge subsidy is caused by oil price hikes in the world and a great increase in fuel consumption at home. [passage omitted]

Development expenditure will total almost 20 trillion rupiah. Representing a major increase of 23.3 percent over the current fiscal year, this amount will still be insufficient for our needs. But this is what we can collect optimally to finance development activities while taking into account world and national economic conditions in the 1991-1992 period. We must be intelligent enough to use it to enable this budget to spur economic growth and expand the equal distribution of development. We consider this amount sound to maintain economic stability. We must steadfastly maintain the principles of a balance among these various aspects. Indeed, we want to accelerate the pace of development as quickly as possible. But we must also ensure that the growth and equal distribution of development will be accompanied by solid economic stability. We will use the development budget to accelerate the pace of development. As charted in the fifth Five-Year Development Plan, priority will be given to:

1. The construction of infrastructure to support economic and development activities in general;

2. More basic services for the people;

3. Human resources development;

4. Sufficient operational and maintenance expenses for facilities that have been built. [passage omitted]

There was a tremendous need for electricity supplies to cope with national development. Therefore, in accordance with the electricity generating regulation, the government has invited the private sector to participate in the electricity generating industry. About 2.2 trillion rupiah has been allocated for the mining and energy sector, an increase of 25 percent over the current allocation. [passage omitted]

Honorable speaker! Agriculture and irrigation continue to receive top priority in the allocations for spending. A total of 2.8 trillion rupiah is allocated for this sector, an increase of 17.7 percent. One of its main targets is to increase food self-sufficiency. Next year we will cultivate 75,000 hectares of new paddy land, as well as continue the construction of irrigation networks in various districts. [passage omitted]

The education and cultural sector is to receive 2.5 trillion rupiah. [passage omitted]

The next development sector that is to receive a great share of the draft budget is the regional and municipal development sector. The sector will receive 2.4 trillion rupiah, or an increase of 28 percent. The aim is to enable all districts to creatively develop all their available potential to improve the people's welfare equally in all districts.

Included in the development sector are the special programs operating under direct presidential funding at the local government level. Allocations for the presidential funding program during the next fiscal year have been increased by 40.5 percent to 3 trillion rupiah for each district. [passage omitted]

In meeting with increasing challenges in the future development process, it is important that efforts to stimulate the people's creativity and activities be stepped up. We will continue to improve services rendered by civil servants nationwide and in view of that, government officials who are productive and able to render good services to the people will be very much needed. We will continue to supervise the disciplinary order and working procedures in government organizations, departments, and other agencies to generally enhance worker efficiency. The built-in supervisory or functional supervision system will continue to be enforced. [passage omitted]

41

In the meantime, we will not ignore defense and security development. The sovereignty of a country is the highest honor to its people, and it will never be handed over to others. In view of that, defense and security development will continue to be implemented in the next fiscal year with a limited fund of about 1 trillion rupiah.

There will be developmental continuity in other aspects of our people's lives and in our country under the fifth Five-Year Development Plan, even if I do not mention them one by one on this occasion. The main thing is, that while we are achieving considerable economic growth, we still are able to raise the living standard and improve the well-being of our society step by step through an uninterrupted, equal distribution of development.

We do face a huge population problem. The problem was made apparent from the outcome of the population census that the Statistics Bureau conducted in October 1990. The total number of Indonesians was 179,321,641 on 31 October 1990. [passage omitted]

The transmigration program and the establishment of an economic development center outside Java island should continue to be implemented. In the meantime, the growth in population, concentrated in the urban areas, is rising sharply. The percentage of the population living in urban areas used to be about 22 percent. During a 10-year period it has increased to about 31 percent. This picture makes us proud of our achievement, but it also indicates the big challenges ahead in overcoming the population problem in particular and in development in general.

The 1991-1992 draft state budget that I am presenting to the honorable House of Representatives today is part of our effort to face the challenges of development by implementing the third year of the Five-Year Development Plan later. We have achieved significant progress in implementing our development program so far. We are aware of existing shortcomings. We are ready to improve in our weaknesses. We have made our calculations on the development ahead of us, both in the national and international spheres. We have studied in detail the potential that we can realize together. In the spirit of togetherness and openness, by working hard and joining hands, with spirits full of enthusiasm and high hopes, we believe that the years ahead of us are years full of hope.

Honorable session! Thank you for granting your attention while I explained the 1991-1992 draft state budget. Let us pray to God to bless us for continuity in our future development.

Thank you, and peace be upon you.

Analysts Say State's 1991 Budget 'Prudent'

BK0801070991 Hong Kong AFP in English 0651 GMT 8 Jan 91

[By Endy Bayuni]

[Text] Jakarta, Jan 8 (AFP)—Indonesia's plan to boost spending by 18 per cent in fiscal 1991 is realistic despite the continued threat of inflation and uncertainties about world oil prices, analysts said Friday.

President Suharto's budget for the year from April 1, unveiled Monday, includes expenditure totalling 50,555 billion rupiah (26.61 billion dollars), based on projected higher oil and non-oil revenues.

Public investment would take a large chunk of the growth in spending, though public sector salaries are frozen as part of the official campaign to curb inflation, currently running close to 10 per cent.

"It's a prudent budget," said an economist with a foreign securities firm, noting that it was consistent with government policy to pursue economic development under a stable monetary climate.

Analysts hailed the decision to base the budget on an oil price level of 19 dollars a barrel, 2.50 dollars higher than in the current budget but still a conservative figure compared to the present spot rate of 25 dollars.

World oil prices could vary between 12 to 25 dollars a barrel in the aftermath of the Gulf crisis, said economist Hadi Susastro Tuesday.

"Taking the middle way is the most realistic for planning purposes," Mr. Susastro, from the Centre for Strategic International Studies, wrote in the SUARA KARYA daily.

To finance spending, the government projected a 39 per cent increase in oil revenues to 15,009 billion rupiah (7.9 billion dollars) and a 21 per cent rise in non-oil income to 25,175 billion rupiah (13.25 billion dollars).

The budget deficit would be covered by 10,371 billion rupiah (5.46 billion dollars) in foreign aid disbursement.

Some analysts said the non-oil revenue targets, especially from corporate taxes and export tax, might prove optimistic with the world economy expected to slow down in the coming year.

"This could be covered by oil revenues if the oil price averaged higher than 19 dollars, which is possible," said the economist with a securities firm.

Businessmen and bankers said the budget would do little to boost the economy, which was already constrained by the tight money supply imposed by the Central Bank over the last six months to fight inflation.

Mr. Suharto, in his budget speech before parliament, gave no indication of when the monetary squeeze would be relaxed. Officials have said the government was planning on bringing inflation down to seven per cent.

"I guess high interest rates will remain with us for the next six to nine months," commented a stock broker.

The Jakarta stock exchange index fell slighly on Monday after Mr. Suharto's speech.

The exchange has lost about a third of its value in the last six months, in part due to investors diverting funds into the money market where time deposits could now earn up to 24 per cent in annual interest.

The budget should, however, boost the economies of the regions and the rural areas where most of the increase in public investment has been allocated to build roads, irrigiation projects and power plants, analysts said.

"This will give a more balanced regional growth," one analyst said.

Economists believe the government's target of five per cent economic growth, a rate judged necessary to provide work for the two million newcomers to the job market each year, could be easily achieved in the 1991 calendar year.

Although Indonesia's growth in recent years has been lower than in neighbouring Malaysia and Thailand, "it has been steady," said one foreign economist.

Growth slowed to between six and seven per cent last year from 7.4 per cent in 1989, partly because of anti-inflationary policies.

SRV Deputy Premier Arrives for Economic Talks

BK1001024691 Jakarta Domestic Service in Indonesian 0000 GMT 10 Jan 91

[Text] A Vietnamese economic delegation led by Tran Duc Luong, vice chairman of the Vietnamese Council of Ministers, arrived in Jakarta yesterday for talks on various forms of economic cooperation with Indonesia. The Vietnamese officials, who are guests of Radius Prawiro, coordinating minister for economic, financial, and industrial affairs, will be in Indonesia until 13 January. The visit is a follow-up of President Suharto's state visit to Vietnam in November 1990.

According to the Office of the Coordinating Minister for Economic, Financial, and Industrial Affairs, talks between the Vietnamese and Indonesian delegations will take place today and tomorrow. Efforts to enhance trade relations and economic, scientific, and technical cooperatoon will be discussed during the talks. During the four-day stay in Indonesia, Tran Duc Luong, vice chairman of the Vietnamese Council of Ministers, and his delegation are scheduled to pay a courtesy call on President Suharto and observe the results of development in Indonesia.

Laos

Feature Details Kaysone Phomvihan's Background

First Installment

BK0801123591 Vientiane PASASON in Lao 13 Dec 90 pp 2, 3

[First installment of feature article by Sisana Sisan, chairman of the National Social Science Committee: "The Person Who Is Faithful to the Lao Revolution and People"]

[Text] Seventy years ago, no one expected that a child born at Ban Naseng village, Khanthabouli District, Savannakhet Province, on 13 December 1920 would grow up to become the leader of the Lao revolution. But this is a true story. That child was Kaysone Phomvihan, currently general secretary of the Lao People's Revolutionary Party [LPRP] and chairman of the Council of Ministers of the Lao People's Democratic Republic [LPDR].

Comrade Kaysone Phomvihan was born to Mr. Luan, a public servant, and a peasant mother. After completing his primary schooling in French, Mr. Luan went to the Savannakhet provincial capital to look for a job. He began by taking a test for an interpreter's job at the office of French provincial governor. Thanks to his good relationship with other public servants and local people, he was respected and loved by Savannakhet residents.

Comrade Kaysone Phomvihan's mother, Mrs. Dok, was born at Ban Naseng village. According to my research, her father was Thao Phommasan, who was a younger brother of Mrs. Thoum Sisan, my stepmother. Thao Phommasan was Lao Loum [lowland Lao] from Mukdahan [in Thailand] located on the right side of the Mekong River. He crossed the river to work as an immigration officer at Ban Naseng village and subsequently married Mrs. Ai who was of Lao Theung [upland Lao] origin. (In the past, the majority of villagers of Ban Naseng were of Lao Theung origin. Ban Naseng was located about four kms from the Savannakhet provincial town. A number of people from this village used to participate in the struggle led by Pho [Father] Kaduat against the French colonialists.)

Comrade Kaysone was brought up in a fairly well disciplined family which strongly influenced his childhood and youth. He frequented the temple (Sai-ngaphoum Temple in Savannakhet township). A monk here whom he regarded as his own brother taught him Bhuddist ethics, arts, and culture. He liked to read Lao literature and the "LAO GNAI" newspaper. As a youth, he also enjoyed cock fighting.

At seven, Comrade Kaysone began his studies in Lao and French at the primary schools in Savannakhet and later pursued higher education at the Hanoi Protectorate School in Vietnam. After completing high school in French, Comrade Kaysone enrolled at a law college. But the college

43

was closed two years later with the Japanese invasion. Comrade Kaysone was one of the good students.

Comrade Kaysone joined the Vietnamese movement for democratic rights and freedom in Hanoi from 1967 to 1969 and was regular reader of "LE TABLOID" newspaper of the Indochinese Communist Party. During the period, his name was on the watch list of the French authorities. He once told the author: "In those days, I never never gave a thought to communism or socialism. But I believed that the Soviet Union would defeat the Hitlerite fascists." During a conversation one of his friends said: "We must fight anyone who dares to touch the Soviet Union." But he replied: "Any harmful act to Laos will not be tolerated."

At that time, most of the people in Hanoi learned martial arts for self-defense. Comrade Kaysone himself learned Vietnamese and Chinese boxing, and Judo. In 1940, after the French surrendered to the fascist army and allowed the Japanese fascists to occupy Indochina, the Communist Party of Indochina set up the Vietnam Independent Alliance or Viet Minh. The Viet Minh was composed of many mass organizations including the Youth Association for National Salvation. Viet Minh also assisted the establishment of the independence fronts in Laos and Cambodia. It was then that Comrade Kaysone was induced to join the revolutionary struggle against the French colonialists and Japanese fascists. He joined the Youth Association for National Salvation in Hanoi in 1944 and was assigned to recruit new members from among youths and students. His decision to join the clandestine organization is proof of his patriotism and his desire to contribute to the task of national liberation.

After the Japanese drove the French from Indochina in March 1945, Comrade Kaysone left Hanoi for Savannakhet, where the "Lao Itsala" [Free Lao] Movement was putting up resistance against the French authority. The report on the Japanese unconditional surrender to the Allies on 15 August 1945 provided encouragement for the Lao youths and Vietnamese alients in the province. After crossing the Mekong River back to Laos and settling its headquarters at Khanthanchan village, the Lao Itsala Movement informed its spies in the provincial town of Savannakhet that it would penetrate the town and expect to meet them at Sok village (some 11 kilometers from the provincial town). Meanwhile, the French troops, driven out of town by the Japanese, were making preparations for the recapture of Savannakhet town.

Comrade Kaysone and representatives of Savannakhet Province met with the Japanese and asked them to give power back to the Lao people. On 31 August 1945, the Japanese gave 140 guns and several boxes of ammunition to the Savannakhet people. That was when the people's army was established. Comrade Kaysone and the author set off from Sok village to invite the armed forces of the Lao Itsala Movement to come into town and merge with the newly established people's army. Following the seizure of power, Comrade Kaysone was in charge of the information department while the armed forces of the Lao and Vietnamese residents were responsible for the defense of the provincial town.

On 9 September 1945, the French attempted to seize Savannakhet town by launching attacks from the north and south. The People's Armed Forces, however, defeated the enemy's northern assault. But the enemy troops managed to break the defense line in the south and advanced to the camp of the patriotic forces. The situation at that time was rather critical. Comrade Kaysone was at Sai-ngaphoum Temple as the Lao, French, and Japanese officials were negotiating for the withdrawal of French troops from the provincial town. Eventually, the French troops agreed to pull out and the fighting halted. The defense of the town had to be continued. Later, Comrade Kaysone left Savannakhet for Hanoi to gather all the Lao nationals taking refuge in Vietnam so they could join the revolution.

During that time, Hanoi was fully under a revolutionary atmosphere and was in a strong mood against colonialism. The Vietnamese people would not hesitate to render assistance to anyone to fight colonialism. Comrade Kaysone said to the author: "I was almost killed when I arrived in Hanoi in late 1945." The author asked: "Why?" Comrade Kaysone replied: "They thought I was half French. Anyone wearing red, white, or blue clothes would be apprehended and interrogated." The author further asked: "How did you manage to get out of trouble?" He said: "I simply told them that I am Lao. So they let me go."

From March to December 1946, Comrade Kaysone worked with the Lao-Vietnamese liaison office in Hanoi. The organization mobilized Lao nationals taking refuge in Hanoi and other provinces of Vietnam to join the struggle against French colonialism. Comrade Kaysone met Chairman Ho Chi Minh for the first time in 1946. "What did Chairman Ho Chi Minh say to you?" the author asked him. Comrade Kaysone replied: "He talked about many subjects. But the important one was that it is necessary for the Vietnamese and Lao peoples to unite to fight the French colonialists for national liberation. The Lao people must organize their own resistance movement, build revolutionary bases in Laos, and set up their armed forces."

In December 1946, Vietnam declared the war against the French colonialists and moved its revolutionary forces out of Hanoi. Comrade Kaysone, too, had to leave Hanoi. From the beginning of 1947, Comrade Kaysone worked with the propaganda organization of zone 12 in northern Vietnam. On 27 February 1948, the Indochinese Communist Party Central Committee set up the Shock Brigade for northern Laos under the command of Comrade Kaysone. The unit was assigned to build political bases, organize armed forces, and establish strongholds in the northeastern part of Laos. At the initial stage, Comrade Kaysone and his colleagues approached the Lao people of Hmong, Thai Dam, and other tribes.

Comrade Kaysone himself can speak the languages of the Hmong and other Lao Theuong tribes fairly well.

On 20 January, the establishment of the Lao Itsala Army with Comrade Kaysone as its commander was officially announced. The center of operation of the Lao Itsala Army was in the vicinity of the Nam Ma River in Xiengkho District of Houa Phan Province and Lao Houng. The Lao Itsala Army was active in mass mobilization, creating the new administrative power, fighting the enemy, organizing militia-guerrilla units, and resisting the enemy suppression operations. Being tested and tempered for a period of two years, Comrade Kaysone gained membership in the Indochinese Communist Party on 6 January 1949 and became a full member of the party on 27 July 1949.

In August 1950, at the congress of the Lao National Resistance Front, Comrade Kaysone was elected member of the Central Committee of the Lao Itsala Front and became national defense minister of the Lao Resistance Government.

During this period, Comrade Kaysone made many significant contributions to strengthening the resistance government and expanding the revolutonary base zones. He was appointed to attend the second congress of the Indochinese Communist Party which was held in Vietnam from 11 to 19 February 1951. The congress adopted a resolution on organizing separate parties for Vietnam, Laos, and Cambodia.

During his participation in the congress, Comrade Kaysone had an opportunity to meet with Chairman Ho Chi Minh once again. The latter said to him: "The Lao side should set up its own revolutionary party to direct the revolution in Laos. Vietnam is ready to help Lao comrades. Under the leadership of the Lao revolutionary party and with the support of the peoples of Vietnam and other friendly countries, the Lao revolution will certainly win the victory. Lao cadres must have confidence in this regard. Comrade Kaysone is deeply impressed by the book entitled: "Changing of Work Style," written by President Ho Chi Minh under the pseudonym of XYZ. He adheres to the teaching of President Ho Chi Minh in the book because it is very useful to the Lao revolution.

Comrade Kaysone once told the author about the courtship ritual in the old days in Houa Phan Province. But he and his soldiers did not participate in such traditional activities. Villagers once hid him under a roof when enemy soldiers came into the village.

In compliance with the resolution of the second congress of the Communist Party of Indochina, Comrade Kaysone and many other people industriously made necessary preparations for setting up Laos' revolutionary party. The party held its first congress from 22 March to 6 April 1955. The congress was attended by 20 representatives of nearly 400 [Lao] members of the Communist Party of Indochina. Comrade Kaysone was elected general secretary of the party Central Committee and supreme commander of the Lao Armed Forces at the age of only 35. Since being the leader of the party was quite a heavy burden for a man of that age and due to his limited experience, Comrade Kaysone energetically studied all revolutionary theories and learned by doing. He never hesitated to seek knowledge from his colleagues and cadres on the lower echelons.

His method of working is based on three special principles as follows: Communal leadership, intimacy with the masses, and reliance on the creativity and experiences of the masses. For this reason, Comrade Kaysone is able to act as the core of the solidarity among cadres, party members, and the people. In every meeting of the party Central Committee and administrative and other organizations, always tell every meeting, he always says: At first, I knew nothing about revolution nor could I express myself effectively. However, I made efforts to educate myself, learn from my colleagues and the people, and mingle with the masses. We must keep learning so that we will be able to carry out the revolution properly.

Another point noteworthy about Comrade Kaysone is that although he is the leader of the party, he is willing to listen to criticism from his colleagues and correct his mistakes. Even if such criticism might be wrong, he will accept it for consideration. He has no bias against anyone. He believes that people can change and improve. We knew from the beginning that it would be rather difficult for him to lead the party.

Soon after the establishment of the party, he encountered the new enemy, U.S. imperialists who were penetrating into Laos, while having to deal with the problems of the French colonialists and their Lao stooges and the breach of the Geneva Treaty of 1954. Comrade Kaysone directed the defense of the two northern rally zones (Sam Neua and Phong Saly) and the struggle for national reunification launched by the people in the 11 provinces under enemy control. Comrade Kaysone, together with other leaders of the party and the Lao Patriotic Front, later stayed in Vientiane to pursue their struggle legally. He ran in a by-election in Attopeu Province on 4 May 1957. The people voted for him but he lost the election because his adversaries cheated by slipping in fake ballots to add more votes for their candidates.

After the coalition government was toppled by Phoui Sananikon, the party Central Committee convened a meeting and came to the conclusion that the U.S. imperialists and their henchmen intended to suppress Laos' revolution. During that secret meeting, Comrade Kaysone said: Those who have legal grounds must fight to the end although they might be arrested by the enemy. As for those who are unable to fight legally (e.g. Comrade Kaysone, Comrade Khamtai, and others) must flee to the base areas to lead the revolution.

The escape plan was carefully designed. Comrade Kaysone deceived the emeny by telling them that he would go to Thailand to visit his younger sister, Mrs. Savanthong, who was married to the then governor of Chainat

Province. He entered Thailand through Mukdahan District and proceeded to Bangsai village. At night, he left the village and disguised himself as a fish peddler and crossed the border back into Savannakhet and hid himself among the banana trees at the house of Comrade Nouhak Phoumsavan where Comrade Khamtai Siphandon and Comrade Khamphet were waiting. From Savannakhet, he went to Thakhek and Pak Kading by car. Comrade Kaysone and Comrade Khamtai were escorted by the people's armed forces while traveling to the base area. Following Comrade Kaysone's disappearance, the enemy sent out men to search for him. They later learned that Comrade Kaysone was in the base area to command the struggle.

Comrade Kaysone Phomvihan fulfilled all the promises he had given to his comrades. Under the critical and stalemated conditions in 1959, his firm belief was to change the direction of the fighting to an armed struggle.

However, many of his comrades did not support that notion on the ground that if the revolutionary side in Laos resorted to armed operations, the enemy might kill Comrade Souphanouvong, Comrade Nouhak Phoumsavan, Comrade Phoumi Vongvichit, Comrade Phoun Sipaseut, and other comrades who were under the enemy's detention at that time. Some of them even claimed that if the Lao revolutionaries carried out the armed struggle, the enemy might use its superior armed forces to wipe out the revolutionary forces. As a result, it would be extremely difficult to rebuild and regroup the revolutionary forces again.

Therefore, the revolutionary side should spend more time on building and envigorating the strength of its armed forces before it ventured into any armed campaigns. Nonetheless, Comrade Kaysone Phomvihan could not afford to sit still while the enemy was notoriously carrying out suppression drives to annihilate former resistance fighters and to destroy the revolutionary foundations in Houa Phan, Xieng Khouang, Luang Prabang, and Khammouane Provinces. The situation became very critical because the U.S. imperialists began to implement their special warfare strategy in Laos. (To be continued in the next issue).

Second Installment

BK0901155991 Vientiane PASASON in Lao
14 Dec 90 p. 2

[Second installment of feature article by Sisana Sisan, chairman of the National Social Science Committee: "The Person Who Is Faithful to the Lao Revolution and People"]

[Text] Possessing a high sense of responsibility toward the revolution and the country and seeing the need to change the direction of the Lao revolution, on 3 June 1959 Comrade Kaysone Phomvihan called the Executive Committee of the party Central Committee to a meeting. The party Central Committee subsequently adopted a resolution during that plenum, saying "we must extensively unite the patriotic and peace-loving forces, resort to armed struggle as a primary means in addition to carrying out other forms of struggle, resist the U.S. imperialists' interference, oppose the treacherous and antipopular policy of the Phoui Sananikon government, demand that the 1954 Geneva Agreement on Indochina and all other agreements reached between the two sides be fully implemented, and build Laos into a country of peace, neutrality, independence, democracy, unification, and prosperity" .

Regarding the forms of struggle, the resolution emphasized: "In the entire country, we must switch from carrying out all forms of open and legitimate struggle to that of armed struggle. At the same time, we must closely coordinate all forms of political struggle. Wherever the conditions permit, we must mobilize the masses to rise up and carry out both legitimate and semi-legitimate struggles".

On the one hand, the implementation of the said resolution of the party Central Committee clearly showed that Comrade Kaysone Phomvihan was extremely determined in leading the revolution. On the other, thanks to such strong determination, Comrade Kaysone Phomvihan managed to reverse the nearly bankrupt state of the revolution into one with new aspirations. As a matter of fact, everyone came to realize the reality of the situation when the 2d battalion of the Pathet Lao forces triumphantly broke the enemy's encirclement, thus allowing Comrade Souphanouvong and the other leaders detained at the Phon Kheng prison to escape. After that, a guerrilla war spread rapidly throughout the country.

Throughout the national liberation struggle against the U.S. imperialists, Comrade Kaysone Phovihan took many initiatives in the fighting. He dared to think and act. For example, in implementing the policy of using revolutionary strategy, he sometimes tried to strike principled compromises. All developments carried out in accordance with his views were always useful to the revolution. When the coalition government was set up in 1962, the revolutionary forces were, in fact, not as strong as the enemy's. Only revolution's strength and position were stronger, compared to the previous years.

At that time, the patriotic neutralist forces which had just been set up subsequently allied itself closely with the revolutionary forces. Even though the life of the 1962 coalition government was short, the formation of that government showed that the situation at that time became less tense. When the coalition government and the joint political consultative council were established in 1972, the revolutionary armed forces were already strong, thus creating a favorable condition for our people to seize administrative power throughout the country on 2 December 1975.

Comrade Kaysone Phomvihan wrote in his book entitled "Certain Primary Lessons and Issues Regarding the New Direction of the Lao Revolution," saying in part: "After the U.S. imperialists jumped into Laos to set up a neocolonial rule in our country for 20 years, our participation [in the coalition governments] was extremely important, for it restricted the expansion of enemy hostility and gave us more time to strengthen our armed forces and mobilize the masses in the zone under the enemy's control to rise up in various forms with new vigor. Each time our side participated in the coalition, the legitimacy of our revolution seemed to strengthen; the wave of popular support to the revolution in the struggle against the reactionary policy of the enemy also became fiercer; the rifts among the forces of the opposite side became wider; and the enemy became more isolated."

In the past 15 years since the liberation of our country, Comrade Kaysone Phomvihan has tirelessly contributed great efforts and wisdom to outlining many policies, paths, and methods for effective fulfillment of the tasks of national defense and construction. At a time when our country continues to be economically and culturally backward and under constant enemy threat, it is not easy at all for Comrade Kaysone Phoumvihan, as general secretary of the LPRP, who has to shoulder all political roles in all spheres of our socioeconomic work, to outline viable policies aimed at building the country and ensuring its survival. The comrade constantly visited the countryside to personally supervise special projects and to carry out experiments on some plans he had outlined to draw lessons for collective use later.

Despite of the achievements accomplished in national defense and construction during the first decade, Comrade Kaysone admitted that he had behaved himself untowardly and hastily to some extent. But he had the courage to adopt a new concept and make changes to overcome production and economic development obstacles.

His new concept began to yield fruits since 1979 and was explicitly pronounced in the resolution adopted at the fourth party congress in 1986. Comrade Kaysone's new concept is based on the actual conditions of the country's natural economy and the aspiration to achieve a commodity-oriented economy which requires much higher production efficiency. For this reason, Comrade Kaysone and the party Central Committee have agreed to allow the existing economic sectors such as those in the forms of state-private partnership, private capitalists, and small producers to engage in the free and legal production and, at the same time, implement the open-door policy to attract Lao nationals living in foreign countries and foreign businessmen to invest in Laos and solve the problem of land use.

Apart from this, Comrade Kaysone also gives special attention to the efforts to modify the economic management mechanism, eliminate the bureaucratically-centralized and state financing mechanism, and apply the new effective economic and business accounting system. (to be continued)

Final Installment

BK0901162191 Vientiane PASASON in Lao 15 Dec 90 p 2

[Third and last installment of feature article by Sisana Sisan, chairman of the National Social Science Committee: "The Person Who Is Faithful to the Lao Revolution and People"]

[Text] The implementation of the new economic policy during the past three years has benefited our country's socioeconomic development in many aspects. At present, the natural economy in our country has been replaced by the commodity-oriented economy as rising national productivity is bringing the people a better life and a brighter future for the country. But obstacles remain to be overcome.

Comrade Kaysone has joined the revolution for 46 years with 41 years of party membership. He was elected general secretary of the party by the first, second, third, and fourth party congresses. Tested and tempered by the revolutionary flame, he has devoted his whole life to the revolution. Upholding national interests with his patriotic and revolutionary spirit, Comrade Kaysone has no personal possession except a house and a piece of land in Savannakhet he inherited from his parents. The state has been taking care of him and providing all the conveniences to allow him to carry out his duties as general secretary of the party Central Committee. During a meeting of the party Central Committee, Comrade Kasone, talking about his own weak points, softly said with tears in his eyes: "Occasionally, I am dominated by subjectivism and theoretical doctrines. But I will try to correct my weak points and shortcomings so that I will be able to serve the country better for the well-being of our people."

The author used to chat with Comrade Kaysone as we did when we were young.

The author asked: We have been serving the revolution since we were young. I want to ask you what you love most. He replied: I love many things such as the country, multiethnic people, and my family.

The author continued: Don't you love yourself?

Comrade Kaysone said: I do. But personal interest hinges on national interest. After joining the revolution, particularly the party, I made a vow to fight through to the end even though I had to give up my life. I must keep this vow the rest of my life. But I must keep myself physically fit by exercising and seeking medical treatment whenever I fall sick, so that I can do my work.

The author asked: What do you hate most?

He replied: I hate those who interfere and intend to launch aggression against Laos. I hate those who want to undermine and obstruct our tasks of national defense and construction.

The author asked: What do you enjoy most?

He said: I am extremely elated with every revolutionary victory, the abundance of annual harvest reaped by our multiethnic people, educational progress accomplished by our children, and improvement of the people's livelihood. I am also happy to see the fruitful implementation of the party's lines and policies.

The author asked: What worries you most?

Comrade Kaysone said: Many things. My biggest concern is the implementation of the party's lines and policies that has not yet been well organized to meet our requirements. The lines and policies are correct but their implementation still faces many obstacles. I am also worried about the education and training of our cadres that has not met the requirements of our country.

The author asked: What delights you most?

Comrade Kaysone replied: I am most delighted to see that we have changed our country's economy and that our task of restructuring has gained the full support of our cadres and multiethnic people and is moving forward with firm steps.

In his speech delivered at the rally marking the 35th founding anniversary of the Lao People's Revolutionary Party in Vientiane on 22 March 1990, Comrade Kaysone noted the following factors to the victory of our revolution in the new era:

—Increasingly promote and expand the patriotic tradition of the multiethnic people. Firmly adhere to the goal of the revolution and promote the popular democratic system.

—Strengthen the solidarity and harmony of the nation and rely on the people to extensively expand the implementation of democracy.

—Be determined to effect new changes in all respects with appropriate steps.

—Ceaselessly broaden and increase international solidarity and cooperation so as to gain extensive support for the cause of our national defense and construction.

These are the main duties which must be carried out by the entire party and people. We believe that the leadership role is an objective necessity in the evolution of history. Comrade Kaysone and other leaders of the Lao revolution are created by history and chosen by the people to be leaders.

Vientiane, 17 November 1990.

PASASON Article on Bankruptcy of State Trade

BK1001133191 Vientiane Domestic Service in Lao 1200 GMT 3 Jan 91

[Undated PASASON Article: "How To Solve the State Trade Problem?"]

[Text] At present, a large number of state enterprises or state trade services at the provincial and district levels and cooperatives are in the state of bankruptcy or on the verge of bankruptcy.

The general public is concerned about the situation and wonders what remedial action should be taken. Our correspondents, therefore, recently called on Khamphoui Keoboualapha, minister of trade and tourism, to seek clarification on this issue. Truly speaking, state trade services or state enterprises have already been bankrupt. During the recent first nationwide trade and tourism conference, some state-owned companies announced that they made a profit. It is true that they made a profit but their profit cannot extricate the state trade from bankruptcy. The bankrupt or nearly bankrupt state trade services at the provincial and district levels and cooperatives now have only 20 percent of their rotating capital left. The private sectors, only 3 to 4 years in business, can advance 70 percent faster than the state trade sectors despite the fact that the latter has been doing business for nearly 15 years.

This is the indication of bankruptcy and the trend toward bankruptcy on the part of the state trade. The profit claimed by the companies at the center probably appears only in their accounting books. These companies have to pay debts incurred from the accumulation of stock surplus and are plunged into chaotic circumstances as if they were sufferring from paralysis and senility beyond recovery. They have reached the red light in the state trade system and socialist ownership under the old mechanism. As our party is currently in the process of promoting the popular democratic system with socialism as its goal, we must turn toward private trade.

In his speeches at the opening and closing of the conference on trade and tourism, General Secretary and Chairman of the Council of Ministers Kaysone Phomvihan said that it is time for [words indistinct] the establishment of state-owned business and trade enterprises. The state will not engage in business activities except those not attractive to the private sectors but necessary for society. In other words, the state will promote private business enterprises, not the bankrupt state enterprises. During the extensive discussion at the conference, some people expressed their desire to defend state business enterprises because they have been working in those enterprises for so many years. But it is impossible to keep these state enterprises. Definitely, the transformation of state ownership to private ownership takes time, but not too long, and is a difficult task which must be carried out in the most efficient manner to avoid damage on part of the state and collectivity and defend the interests of the entrepreneurs.

Soviet-Aided TV Transmitter-Receiver Station

BK0901143091 Vientiane KPL in English 0920 GMT 9 Jan 91

[Text] Vientiane, Jan 9 (KPL)—The central Savannakhet Province recently reached an agreement with the

48

Soviet authority regarding the reception of Soviet TV programmes through satellite.

This project involving the installation of a TV transmitter-receiver station is the second one which has enjoyed Soviet cooperation. Earlier, northern Luang Prabang Province received a similar system.

The installation of the facilities started in November is expected to be completed this month.

Philippines

Aquino 'Confident' of Sincerity in Bases Talks

HK1001103991 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 10 Jan 91

[Text] President Aquino is confident that the Republic of the Philippines [R.P.] and U.S. panels will continue the talks with sincerity and goodwill. Tanny Rodriguez has the details:

[Begin recording] The fourth round of talks between the R.P. and U.S. panels has started. The issues under discussion are the sovereignty of the Philippines over the U.S. military facilities, legal jurisdiction over the U.S. troops assigned here, and the bases compensation.

Earlier, U.S. special negotiator Richard Armitage warned that the Philippine Government is endangering its relations with Washington because of its insistence on removing the bases from the country. At the same time, the United States was reported to express sadness over the Philippines' declaration of the bases terminal phaseout. President Aquino refused to comment on this last statement. Instead she said it is better to wait for the result of the talks. The president added that the R.P.-U.S. panels are discussing these issues, particularly those which pertain to the future relations of both countries. [end recording]

Editorial Warns Against 'Blackmail' on Bases

HK1001031991 Manila PHILIPPINE DAILY INQUIRER in English 10 Jan 91 p 4

[Editorial: "Gov't Should Not Fall for Emotional Blackmail"]

[Text] That was a dirty, low-down trick employed by chief U.S. negotiator Richard Armitage yesterday, linking the presence of American troops in the Middle East to talks with the Philippine Government on the continued stay of American military facilities in the country.

In his remarks, Armitage asked Filipino officials to "please consider the message you are sending as it is perceived by President Bush and the U.S. Congress: as Americans prepare to fight and die in the Middle East, Filipinos define their own victory in terms of how many and how quickly U.S. forces can be removed from their country."

This is cheap and deceitful propaganda, and emotional blackmail as well, depicting the American soldiers (joined by a sprinkling of Allied troops, including a Filipino volunteer medical corps and seamen) as martyrs to the cause of international solidarity, and calculated to shame us into surrendering our sovereignty and national interest.

Shame on you, Mr Armitage!

Foreign Secretary Raul Manglapus may have fallen for the bait when he protested that the Philippines had consistently support U.S. interests in the Gulf and elsewhere, noting that a U.S. Navy task force stopped at Subic Naval base last month en route to the Gulf (for some needed R & R during which some navy personnel may have infected even more poor Filipinos with the dreaded AIDS virus).

"But at the same time," insisted Manglapus, "we firmly believe the Philippine national interest and national sovereignty demand the terminal phaseout of the facilities over a limited period and the conversion of these to alternative uses."

It may have been a mistake on Manglapus' part to have fallen for the wily Armitage's line linking the Arab Gulf crisis to the bases talks.

Because the two are—and should be kept—entirely seperate, intersecting only on the possible use of Subic and Clark as staging areas for American forces in the event that war does break out.

Negotiations on the possible extension of the bases lease began long before Saddam's forces invaded Kuwait. And U.S. President Bush chose to rush American military personnel to the Middle East in response to Saudi Arabia's appeal without deeming it necessary to consult his country's allies, much less a minor "partner" like the Philippine government.

To penalize and browbeat the Philippine government now for asserting its rights and authority—simply because Anmerican soldiers may soon be involved in a military campaign—is ridiculous and uncalled for, especially from a country that professes friendship and goodwill.

The time has come to expose the lie that the U.S. forces are in Saudi Arabia to protect the rest of the world from the evil of Saddam Hussein. The U.S. forces are in Saudi Arabia to protect American interests, including the continued availability of its supply of cheap oil and the permanent basing of American troops in an area of strategic importance, something long denied them by Arab fears of Western domination.

It is reprehensible enough that we have been forced to fall in with this duplicitous campaign as part of our commitment to uphold the UN sanctions against Iraq. But to have this self-serving exercise thrown at our faces as a rebuke for our desire to assert our national sovereignty takes the cake, and is indicative of the depths to which American strong-arm diplomacy has fallen.

U.S. Bases Stand Termed 'Virtual Ultimatum'

HK1001031391 Manila PHILIPPINES NEWSDAY in English 10 Jan 91 pp 1, 2

[By Arthur I. Bariuad, reporter]

[Text] The United States yesterday issued a virtual ultimatum to the Philippines against acceding to their demands for a continuing military presence in the country under a "phasedown formula" saying that "irreparable harm could be done to our relationship," even as the Philippine bases panel insisted on the terminal phaseout of U.S. military installations in the country.

In a press briefing, U.S. panel spokesman Stanley Schrager said: "If you choose to close the doors now, please do so deliberately, measuring carefully your own needs and the impact your decision will have on U.S. public opinion. If you wish to keep the doors open, you will find no shortage of goodwill and cooperation from the U.S. side."

Schrager pointed out that the U.S. "simply cannot manage a five- year phaseout without incurring large expenses for the removal and relocation of our forces."

"A suitable phasedown followed either by an access agreement or a phaseout period would be far more reasonable from our perspective," he said.

Schrager also said that "if the Philippines wants the phasing down of U.S. forces to end with a 'terminal phaseout,' we presume you would want this to happen in a way that is not interpreted by the U.S. public as anti-Americanism. It strikes us that a phasedown period of reasonable length, during which the Philippines can choose between an access relationship or termination, meets the needs of all."

However, Philippine panel spokesman Rafael Alunan III stood pat on the Philippine position calling for the "terminal phaseout" of U.S. forces in the country. "Philippine national interest and national sovereignty demand the terminal phaseout of the facilities over a limited period and the conversion of these to alternative uses," he insisted.

He reiterated that in crafting its position the "Philippines has done its best to respond to U.S. needs and interests." He also challenged the U.S. to meet the needs of the Philippines.

"Just as we have tried to respond to U.S. needs and concerns, so too do we expect them now to respond to the Philippines' needs and national aspirations," Alunan said.

But Schrager said that the Philippine "terminal phaseout" position does not respond to U.S. security needs especially now that the U.S. is at the forefront of a "major sacrifice in the Persian Gulf in the defense of fundamental principles that affect the entire international community."

Alunan said that the Philippines is aware of its global responsibilities. "We are as concerned as the U.S. that the process of creating a new and more militarily self-reliant Philippines does not create undue difficulty and dislocation," he said.

He also brushed off Schrager's remark on the sacifices being made by U.S. forces in the Middle East carrying out Operation Desert Shield saying that the Filipinos have also done a lot of sacrifices in its relationship with the U.S. "As a long time colony of the U.S., we'ver had a lot of sacrifices—we've fought and died side by side with the Americans during the Second World War," Alunan said.

"We even permitted the U.S. to use Clark and Subic as refueling, restocking and transit points not to mention the more than 400,000 Filipino workers in the Middle East who will be caught in the war," he stressed.

"The national interest and national sovereignty shall always remain paramount. I would like therefore to reassure the nation that we will hold the line; we shall see this to the end," he said.

Although Schrager recognized Philippine concerns on the need to craft a new RP [Republic of the Philippines]-U.S. relationship, he said that the Philippine proposal for complete removal of all U.S. forces rules out in advance the possibility of an access relationship.

In defining the U.S. position, he said the U.S. wants a phasedown of U.S. forces during a transition period of 10-12 years after which a residual military presence could still be possible but limited only to those needed to support an access regime.

He said thought that "no American can question the Philippines' right to make proposals and even demands concering the U.S. use of Philippine military bases."

"But please consider the message you are sending as it is perceived by President Bush and the U.S. Congress: As Americans prepare to fight and die in the Middle East, Filipinos define their own victory in terms of how many and how quickly U.S. forces can be removed from their country," said Schrager.

He added that "in order to prevent this process from becoming degenerative, we should review the bidding and determine whether or not we are really in fundamental disagreement."

Schrager stressed that "if the Philippine side wishes to accelerate this natural process and make it an exercise in confrontation, it is their right to do so."

"We cannot, however, see the advantage to the Philippines in doing so," he added.

Envoy to U.S. Urges Activation of Trade Accord

HK1001033391 Manila BUSINESS WORLD in English 10 Jan 91 p 2

[By Cris V. Paraso]

[Text] Ambassador to the United States Emmanuel N. Pelaez urged Government yesterday to activate the RP [Republic of the Philippines]-U.S. trade agreement to thresh out bilateral trade activities such as the carrageenin issue.

Testifying before the Senate committees on trade and commerce and economic affairs, Mr Pelaez said the RP-U.S. Understanding on a Framework of Principles and Procedures on Trade and Investments which was formalized during President Aquino's U.S. visit in 1989, provides the forum to resolve investment issues.

Although there are several moves in the U.S. Congress against the entry of Philippine products such as Philippine Natural Grade carrageenin (or PNG, food additive processed from seaweeds) and coconut oil, Mr Pelaez said the anti-lobby groups are only raising technical merits, "extraneous" of the wider RP-U.S. relations such as the ongoing negotiations for the American military facilities in the country.

However, Benson V. Dakay, president of the Seaweed Industry Association of the Philippines, claimed that since the start of the inquiry, Philippine seaweeds are currently not being accepted in the U.S. market and that the U.S. Customs has become more stringent in inspecting all Philippine products, especially seaweed.

He said this is negatively affecting the industry considering that several food firms in the U.S. have accepted PNG such as McDonald's, among others.

Mr Dakay said the industry is exporting about $50 million worth of raw and processed seaweeds to the U.S. annually. This benefits about 60,000 workers or roughly 500,000 people in the Visayas and Mindanao provinces.

The two Senate committees are conducting an inquiry into the U.S. Congress' decision to ask the U.S. Food and Drug Association [as published] [FDA] to review its July 12, 1990 decision endorsing the use of PNG.

John Modderno, counselor for economic affairs of the U.S. embassy, assured that while the U.S. FDA is reviewing its decision, PNG is continued to be used in the U.S.

Mr Pelaez said although the trade agreement with the U.S. only involves basic concepts and principles of bilateral trade activities, it could be activated to thresh out questions such as the issues raised by U.S. lawmakers on PNG.

Favorable Support

He assured the two committees that the Philippines has so far been receiving favorable support from the U.S. Government on bilateral trade activities such as U.S. President George Bush's veto of a measure which further restricts the quota of textile-exporting countries and the shelving of a bill against the use of coconut oil.

Senator Aquino Q. Pimentel Jr, proponent of the inquiry, maintained that Government should still insist that such non- military concerns as the carrageenin issue be included in the ongoing bases talks since the U.S. Government is allegedly using all means to ensure the continued stay of its bases after the military bases agreement's expiration.

Foreign Department on 30 Caught in Somalia

HK0901093191 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 9 Jan 91

[By Rey Arquiza]

[Text] Thirty Filipino contract workers are reported by the Philippine Embassy in Egypt as having been caught in the battle between two forces in Somalia. In a report to the Department of Foreign Affairs, Philippine Ambassador Kasan Marohombsar stated the Filipinos are in Mogadishu and require help for immediate evacuation to a safe place. The Philippine Embassy has not identified the Filipinos caught in the battle between the Somalia Government and rebels, but announced that the Filipinos are safe. Ambassador Marohombsar also said the embassy is exploring measures to evacuate the Filipinos from Somalia.

Aquino Orders Reduction in Government Personnel

HK0901032791 Manila THE MANILA CHRONICLE in English 9 Jan 91 p 1

[By Lito Zulueta]

[Text] President Aquino, in an expected retrenchment move, has directed all government offices to trim their staffs by 5% by June this year and by 10% at yearend.

The "staff reduction program," according to Administrative Order 205, will be done through "voluntary retirement and redeployment."

The President instructed the budget department to issue rules and guidelines for its implementation.

The broad administrative order spells out economic measures for fiscal year 1991 to make up for its budget deficit while trying to cope with the crisis spawned by the Gulf conflict.

In the administrative order, national and local government agencies, including government-owned and - controlled corporations, are directed to:

51

—Discontinue the grant and payment of honoraria and similar allowances, including representation and transportation allowances authorized in the General Appropriations Act.

—Defer the hiring of consultants, except foreign-assisted project where this is explicitly provided under terms and conditions of the agreement.

—Stop needless foreign travels, except those fully funded from grants or those authorized by the Office of the President.

—Suspend the holding of seminars, conventions and annual anniversary celebrations funded from agency budgets, except meets and activities by public schools and state universities and colleges.

In addition, Mrs. Aquino formally authorized the sale of government vehicles used by secretaries, undersecretaries, assistant secretaries, and directors.

As a primary condition to the sale of the vehicles, vendees will continue to use their vehicles for official business but must assume the costs for gasoline, repair and maintenance.

Officials who want to buy the vehicles can obtain financing from the Government Service Insurance System and other government financing institutions [GFI].

The order said rules and regulations for the financing program would be formulated by the finance and budget departments and representatives of GFI's in consultation with the Commission on Audit.

The government had been trying to reduce its personnel in the past few years.

But it had not been able to actually take such a politically unpalatable move.

National Police Retain Special Strike Force

HK0901033191 Manila MANILA BULLETIN in English 9 Jan 91 pp 1, 14

[By Aris R. Ilagan]

[Text] Maj. Gen. Cesar Nazareno, Philippine National Police (PNP) director general, has decided to retain the Metropolitan Police Field Force [MPFF] as a special strike force of the PNP-National Capital Region.

This was disclosed yesterday by Maj. Prospero Barcenas, commander of the 307-strong MPFF after he confered with Nazareno on the status of the unit.

"General Nazareno has assured me that the MDFF will be retained," Barcenas said in an interview.

Barcenas submitted an MPFF staff study which contained their appeal not to dissolve the unit.

Earlier, Brig. Gen. Marino Filart, PNP regional director for Metro Manila, disclosed plans of deactivating the MPFF and merging the unit with the Special Action Force (SAF) of the defunct Philippine Constabulary and the Special Weapons and Tactics Team (SWAT) to form a single "combat strike force."

Filart also said that other MPFF personnel will be assigned to the five police districts of Metro Manila.

On the other hand, Barcenas said it "will only be a waste if the MPFF will not be allowed to function as a unit."

He said that the government has spent a huge amount for the training of MPFF personnel abroad on counter-insurgency, civil disturbance control, and anti-organized crime operations.

Barcenas also cited the key roles played by the MPFF in repelling rebel attacks on government installations in Metro Manila during the August, 1987 and December, 1989 failed coup attempts.

'High Score' for 1990 Counterinsurgency Campain

HK0901033591 Manila MANILA BULLETIN in English 9 Jan 91 pp 1, 14

[By Roy C. Singfuego]

[Text] The now defunct Philippine Constabulary-Integrated National Police (PC-INP), which has been absorbed by the Philippine National Police (PNP), posted a high score in its counter-insurgency and anti-criminality campaign in 1990, PNP Director General Cesar Nazareno said yesteday.

In the campaign against ultra-righist elements, the PC-INP arrested at least 12 most wanted military rebel personalities who are now detained and charged before a court martial with rebellion and other criminal charges.

The PC-INP also accounted for the killing and capture of 1,988 regular members of the Communist Party of the Philippines (CPP) and the New People's Army (NPA), while suffering a casualty toll of 212 dead and 170 wounded.

Added to these gains, Nazareno said that the PC-INP "de-influenced" and neutralized 1,674 communist-influenced barangays during the same period, far beyond the target goal of 892 for 1990.

The PC-INP accounted for 43 high-ranking CPP-NPA personalities in various parts of the country, including Metro Manila where some hardcore and top communist leaders were captured last year.

Nazareno said that the PNP drive against the CPP-NPA, ultra- rightist elements and organized criminal syndicates will be intensified, particularly in Metro Manila.

Three New Regional Police Directors Appointed

HK0901032991 Manila MANILA BULLETIN in English 9 Jan 91 p 14

[By R. R. Requintina]

[Text] Philippine National Police (PNP) Director General Cesar Nazareno has announced the designation of three regional directors of PNP-Mindanao and the approval of the formation of police forces for the Autonomous Region of Muslim Mindanao (ARMM).

Nazareno's announcement came after President Aquino approved his recommendations for the new regional directors.

Senior Police superintendent Meliton Tiburcio, a member of the Philippine Military Academy (PMA) Class 1962, will head the Autonomous Mindanao region police force which covers Maguindanao, Tawi-Tawi, Sulu, and Lanao del Sur.

Chief Superintendent Hermogenes Peralta, former commander of Regional Command (Recom 10), is acting commander of the PNP Civil Service Force based in Camp Crame, Quezon City, replacing Chief Superintendent Antonio Ocampo.

Armed Agbayani, former deputy commander of the Cordillera Autonomous Region, a regional director of Central Mindanao (Recom 12), replacing Senior PNP Superintendent Pedro Yanos.

Ramos Blocks Release of Communist Leader

HK1001092791 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 10 Jan 91

[By Restie de Quiros]

[Text] Carolina Malay, the alleged secretary general of the United Front Commission of the Communist Party of the Philippines, will not be released despite an order by Quezon City Judge Maximiano Asuncion for humanitarian reasons.

In a news conference in Camp Aguinaldo, Defense Secretary Fidel Ramos said Malay and her husband Satur Ocampo, National Democratic Front spokesman, are facing four cases of criminal charges in three branches of the Regional Trial Court in Metro Manila. According to the defense chief, based on legal and security reasons, the military establishment is opposed to the release of Carolina Malay, adding that apart from four criminal cases, there are also pending cases of grave nature against her, and she cannot be freed immediately.

Malay and Ocampo, who were arrested by the Philippine Constabulary- Integrated National Police in 1989, are facing the charge of illegal possession of firearms in furtherance of rebellion and subversion at the Makati Regional Trial Court. Ramos further said the Letter of Instruction No. 61 issued by former President Marcos does not apply to Malay because its beneficiaries are those who had been detained and whose cases were under the military tribunal during the martial law regime and not on cases being tried at present by the civil courts. Here is Secretary Ramos' statement:

[Begin recording] The Department of National Defense has taken the following position. We've provided a copy of this correspondence. Referring to the news item and on the basis of legal and security considerations, the military establishment is opposed to granting release to Carolina Malay-Ocampo on the following grounds: C. M. Ocampo is facing four serious criminal charges before three branches of the Regional Trial Court in Metro Manila. While it is true that, and I am not putting anymore condition...[end recording]

Release Endangers Lives

HK1001033791 Manila DIYARYO FILIPINO in Tagalog 10 Jan 91 p 2

[By F. Taboy]

[Text] Philippine National Police [PNP] and Armed Forces of the Philippines officials announced yesterday the lives of intelligence unit agents active in arresting communist leaders are in danger following the Quezon City Regional Trial Court's [QTRC] release of Carolina Malay Ocampo.

Officials in Camps Crame and Aguinaldo warned the men pursuing the rebel leaders will lose determination and that the offer of rewards to those providing information, which resulted in the capture of Malay, will be wasted.

The government spent P [peso] 500,000 for the arrest of the suspected National Democratic Front leader. Malay is being eyed by the Communist Party of the Philippines-New People's Army to represent the movement in the cease-fire talks.

An official, who refused to be identified, said the rebels will take advantage of the cease-fire period to regroup and strengthen their forces to recover from the losses inflicted on them by the government. Another official said Malay, unlike other jailed women, has no child to care for, and that the policy prohibiting the detention of couples should not apply to her. She was arrested with Saturnino Ocampo by elements of the original Philippine Constabulary-Integrated National Force.

According to the official, Malay was an active rebel leader when she was arrested. The QCTRC freed Malay without bond despite the presence of a case filed against her.

Military Discloses RAM-KSP-YOU Structure

HK1001032791 Manila PHILIPPINES NEWSDAY in English 10 Jan 91 p 3

[By Dario B. Agnote]

[Text] The military high command yesterday disclosed that there are at least nine personalities in the rightist underground that form the overall leadership structure

53

of the Reform the Armed Forces Movement-Kawal ng Sambayanang Pilipino [Soldiers of the Filipino People]-Young Officers' Union (RAM-KSP-YOU) factions.

A military intelligence report obtained by NEWSDAY said at least six military rebel officers composed the executive committee of the RAM-KSP-YOU, but the source said only four have so far been identified by the military's deep-penetration agents.

The report said Commodore Domingo Calajate is the chairman of the executive committee. The other right-wing leaders include ex-Army Lt Colonel Gregorio Honasan, Air Force Lieutenant Colonel Reynaldo Samaco and PC [Philippine Constabulary] Captain Rafael Cardeno. The report added that Honasan represents the RAM, Samaco represents the KSP and Cardeno, the YOU.

The report said Cardeno took over as the YOU head after Major Abraham Purugganan was ousted from the organization due to a premature announcement of the alleged tactical alliance between the right-wing forces and the communist insurgents. The military alleged that Purugganan's announcement created a wide rift in the shadowy YOU—an organization composed mainly of the junior officers of the AFP [Armed Forces of the Philippines] who went underground.

The three major staff units of the rebel factions handled by ex- PC Lt Colonel Billy Bitbit (operations), PC Lieutenant Colonel Victor Batac (propaganda) and PC Lieutenant Colonel Rodolfo Tor (recruitment and expansion).

The mutinous YOU, according to the report, has an entirely different and "functioning" structure headed by Cardeno. The report said PC Captain Washington Javier was also tasked to lead the recruitment efforts while Army First Lt Emilio Ong was designated to handle the propaganda campaigns of the YOU. The report added the 1 Lt Vicente Gregorio Tomas was also designated as YOU operations officer. Ong and Tomas were captured Sunday by Army operatives.

National Democratic Front Open to Cease-Fire

HK0901034191 Manila THE MANILA CHRONICLE in English 9 Jan 91 p 7

[By Rico Rosario and Lito Zulueta]

[Text] Detained National Democratic Front (NDF) leader Satur Ocampo yesterday said the NDF would agree to a ceasefire with the government until the country would have overcome the effects of the Gulf crisis.

In an interview at the resumption of his murder trial before the Regional Trial Court, Ocampo said the NDF would accept a moratorium on conflicts, but said this should be offered by the government.

He, however, emphasized that the NDF's acceptance of the ceasefire offer would hinge on the government's sincerity in observing the truce.

"We would accept the truce in order to cushion the impact of the Gulf crisis. But the government should make the first move and be serious in its offer," he said.

He also said the military's curtailment of the exercise of human rights, such as the banning of demonstrations an strikes, would hamper the ceasefire.

But the ceasefire might also lead to the long-awaited peace talks between the government and the NDF, the agenda of which Ocampo said the NDF had already drawn up.

The NDF has also proposed the release of several political detainees who would represent it during the talks.

Church-based peace advocates yesterday also proposed that the government and the NDF go back to the negotiating table by June 12, Independence Day.

Bro. [Brother] Rafael Donato of the Association of Major Religious Superiors in the Philippines (AMRSP) said the peace advocates and Cluster E, the Cabinet committee on security, would continue working to finish the guidelines for a possible negotiation.

"We hope the direction that we took to come up with some very clear resolutions on the insurgency will be followed. We hope that by June 12, we will be able to get some positive responses from the two sides," Donato said.

Military Captures Two 'Top' Young Officers

HK0801102991 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 8 Jan 91

[Text] The military has captured two top leaders of the rebel group Young Officers Union [YOU]. They are First Lieutenants Vicente Gregorio Tomas and Emil Ong. Tomas is a YOU operations officer, while Ong is the group's spokesman. Ong had been hiding using the name Captain Emilio Maglaya, according to Army Commanding General Guillermo Flores. Tomas is one of those who occupied Fort Bonifacio during the December 1989 coup attempt. Tomas and Ong were arrested last Sunday after attending the baptismal rites of Tomas' child.

Thailand

Iraqi Envoy Promises No Terrorist Attacks

BK1001093291 Hong Kong AFP in English 0924 GMT 10 Jan 91

[Text] Bangkok, Jan 10 (AFP)—Iraq has assured Thailand that it would not be the target of terrorist attacks

54

despite Bangkok's support for Saudi Arabia and the exiled Kuwaiti Government in the Gulf crisis, a senior Thai Foreign Ministry official said here Thursday.

The assurance was given by Iraqi Ambassador Monir Ahmed al-Bayati in a meeting Thursday with Foreign Minister Athit Urairat, said Kopsak Chutikun, who is in charge of Middle Eastern affairs at the ministry. Mr. Kopsak also said at a press conference that Thailand wanted to see continued efforts to resolve the Gulf crisis, sparked by Iraq's August 2 invasion of Kuwait, by negotiations.

"There should be further attempts to settle the issue through peaceful means," he said when asked about Bangkok's reaction to the failure of U.S.-Iraqi talks in Geneva on Wednesday. "Thailand would like to see the issue settled peacefully. We support any negotiations as we think they could be useful," the Thai official said.

Mr. Kopsak, who attended the meeting between Mr. Athit and Mr. al-Bayati, quoted the Iraqi envoy as saying, "Thailand can rest assured that there will be no act of terrorism against Thailand." "Iraq is against terrorism. It is not our policy to support acts of terrorism," the ambassador continued, adding that Iraq "still regarded Thailand as a friend" despite Mr. Athit's recent statements of support to Riyadh and Kuwait's exiled government.

Mr. al-Bayati told the minister that Iraq "was not at war with Thailand," Mr. Kopsak reported. Mr. al-Bayati, however, told Mr. Athit that Iraq could not control independent groups which could stage acts of terrorism against U.S. targets if war broke out in the Gulf, Mr. Kopsak said.

The opposition here has condemned Mr. Athit's stand taken during a recent visit to the Middle East, charging that it would make Thailand a likely target for terrorist attacks.

Thai police officials have also said they were stepping up security measures to protect U.S. and other Western embassies in Thailand as well as installations such as international schools.

Foreign Minister Athit Defends Saudi Trip

BK0901150791 Bangkok Domestic Service in Thai 1200 GMT 9 Jan 91

[Text] Speaking to reporters, Foreign Minister Athit Urairat, who was grilled concerning his foreign policy, said that his policy toward the Middle East is beneficial to the country. He said:

[Begin recording] I can only hope that the extensive criticisms in the past will not stir up discontent and lead to adverse consequences. If I did not make the visit that time, we would have had no opportunity to ask the Saudi Arabia Government to help the 130,000 Thai workers. This also involves benefits and relations in many other fields, which we have problems with. I said we had gained many benefits from the visit. It was a necessary and urgent matter. It could not be done later because it was the last chance. It cannot be done now. Please understand this. This is a sensitive issue. And if we talk too much about this, it can affect international relations.

However, the criticisms made against me today have been caused by misunderstanding by many parties. They have accused me of making the visit before the announcement of the government policy statement, saying that it overstepped boundaries. This is not true. These are the usual duties under the policy accepted by the government. This is an ordinary official mission aimed at creating good understanding with foreign countries. It could have had an adverse impact if it was done too late. The criticisms have also made an impact. This is why I have tried to avoid responding to the criticisms. However, no criticisms have been accurate. I did not announce war with any country. I just aimed to prevent Thailand from getting involved in the war. We are also not taking sides with any country, but just supporting the United Nations. [end recording]

Foreign Minister Defends Policy in Debate

BK1001014591 Bangkok BANGKOK POST in English 10 Jan 91 p 3

[Text] Opposition MPs in Parliament yesterday attacked the Middle East policy initiative of Foreign Minister Athit Urairat, who countered that his move had best protected Thailand's interests in the Gulf but was not fully understood.

Muan Chon Party leader Chaloem Yubamrung and Democrat MP Surin Pitsuwan both charged that the Foreign Minister had imprudently brought Thailand into the dangerous Persian Gulf conflict, in an act that lacked constitutional backing and inter-agency approval.

Dr Athit said he had not undertaken any policy initiative, nor made Thailand a party to the Gulf conflict, but he was in fact "proceeding with a pressing routine matter," as cabinet ministers were authorised to do in the Constitution. "I'm not all that stupid to have done all and sundry without knowledge of limit," he said.

"I understand the procedures. But it looks as if nobody has given it a chance by finding out the truth from me," said the minister, referring to his widely-criticised offers to send a Thai medical team to the Gulf and also send technicians to help Saudi Arabia to maintain jet fighters.

Alluding to the Government's announcement of an independent foreign policy, Dr Surin said independence was not synonymous with unilateralism, as was the case with Dr Athit's move that bypassed consultations with the Prime Minister, the Cabinet and other concerned agencies such as the National Security Council and the Defence Ministry.

National security and the safety of Thai workers in the Middle East could be minimised as a result of Dr Athit's conduct.

"You could have done so (throwing support behind a party to the conflict) without declaring it publicly," he said. In what could be called "open-mouthed diplomacy," Dr Athit had caused an internal split among government agencies, as opposed to the professed policy of "oneness," the MP charged.

"The conduct of foreign policy requires thoughtfulness, knowledgeability and the ability to coordinate with others," he said, adding "protecting the rights and interests of Thai workers is the Government's responsibility that the Foreign Ministry alone cannot completely fulfill. Please consult Deputy Interior Minister Watthana Atsawahem."

The Democrat MP also pleaded with the Foreign Minister not to "seek to satiate yourself at the expense of national interests". He also said Dr Athit had breached etiquette when he visited Saudi Arabia before the customary tour of ASEAN states for a newly- appointed foreign minister. Earlier, Pol Capt Chaloem said the Foreign Minister was "perhaps the only one on earth" to conclude there is going to be war.

The outspoken MP said China, a permanent member of the UN Security Council, abstained from the November 29, 1990 UN resolution which imposed Jan 15 as a deadline for Iraq to withdraw from Kuwait.

"Lawyers across the world are still debating whether this resolution is valid due to China's abstention...even a superpower like China dared not take sides. We, a small country that has a lot of workers (in the Gulf), ignored this point. So Thai police are now busy guarding embassies in Bangkok as a result of our Foreign Minister's doings," he said.

Speaking to reporters following MP Chaloem's statement, Dr Athit said only time would tell whether his policy initiative in the Gulf crisis was right or wrong.

"The Government must immediately decide on action otherwise hundreds of thousands of our workers there could be affected," he said. The minister later told the House that he was "pleased, proud and honoured" that foreign affairs, once regarded as irrelevant to domestic living, had captured public attention like never before, and he viewed such a change of attitude as a success.

He could have opted to do nothing (until after the policy announcement procedure) but that would have caused tremendous loss of national interests, he said.

Dr Athit contended that he had not carried out any "new policy initiative" but was merely continuing the Government's policy of supporting the United Nations' position as reflected in the various resolutions on the issue.

"The United Nations has appealed to all member states to contribute whatever they can and in fact, in the past, we had not done our utmost in fulfilling our duty and that had made our position dubious in many eyes," he said. Dr Athit said that in order to maintain Thailand's respectability in the world arena, one could not "treat every subject in the same manner all the time." He argued that he was not following the shots called by the US. And just as Thailand did not deem Vietnam an "eternal foe" following its invasion of Cambodia, it did not regard Iraq as an enemy.

"What I have done was not declare war with Iraq. But like friends, you can tell them that you don't agree with the wrong that they've done," he said.

To the charge of breaking the ASEAN tour custom, the Foreign Minister said:

"I would not have made a trip to Saudi Arabia if not for its utmost significance. I know full well about the practice of ASEAN visits and I can explain it to my ASEAN friends. Indeed we had very little time left to solve the problem of our interests in the area."

Thai relations with Saudi Arabia were not at normalcy and Riyadh was even pondering closure of its mission in Bangkok, he said. The problem was not with the Thai workers but with bilateral ties. Saudi Arabia was also doubtful about our stand on the Gulf issue when the UN sanctions committee was investigating the Thai compliance."

Dr Athit said contingency plans for Thai workers could not be effectively implemented without having good ties with Saudi Arabia. Dr Athit said that during his meetings with the Saudi Arabian Foreign Minister and the exiled Emir of Kuwait, he told them that Thailand was ready to lend "spiritual support and solidarity" to them.

Deputy Premier, Italian Envoy Discuss Gulf

BK0901151291 Bangkok Domestic Service in Thai 0000 GMT 9 Jan 91

[Text] Deputy Prime Minister General Athit Kamlangek said new measures will be sought to prevent international terrorism in the wake of the Persian Gulf crisis affecting security around the world. Gen. Athit discussed the plan during his meeting with the Italian ambassador to Thailand, Mr. Giorgio Vecchi, who paid a courtesy call on him Monday. Gen. Athit told reporters after the discussion that Italy has taken the lead in the call for withdrawal of Iraqi troops from Kuwait and it has confirmed its decision to send naval and air forces to join UN troops if war erupts.

Prime Minister Chatchai Delivers Policy Statement

BK0901120191 Bangkok Domestic Service in Thai 0310 GMT 9 Jan 91

[Government policy statement delivered by Prime Minister General Chatchai Chunhawan to the National Assembly on 9 January—live]

56

[Text] Your Excellency Mr. National Assembly President and distinguished members of the National Assembly:

In accordance with the Royal Decree dated 9 December 1990 appointing me prime minister and the Royal Decree dated 14 December 1990 appointing the Cabinet, the Cabinet has set a policy for national administration and would like to present it to honorable National Assembly members to inform them of the government's policy objectives for national administration in the remaining year and seven months, to further enhance the country's economic, social, and political stability, and progress and the happiness of our fellow countrymen.

I will hold one most important principle in controlling and supervising the administration of this government in order to achieve the goals of the policy announced to the National Assembly today. That is to maintain honesty toward the people for the benefit of the country without being constrained by the vested interests of any political party or group. I will take serious and drastic action to prevent and root out corruption, acutely aware of my responsibility to the nation and our beloved people. I hereby pledge to fulfil my duties and responsibilities to the best of my ability. I therefore wish to announce the following policy statement.

1. Political Policy

The government is determined to uphold and preserve the institutions of the nation, religion, and the monarchy and the democratic system with the king as head of state. It will do everything possible to bring about the people's happiness and progress in the economic, social and political fields.

The government will promote and develop the roles of political parties and parliamentary institutions in line with the constitutional monarchy. It will stimulate true understanding of and faith in the democratic system among the people by giving them greater protection, promoting their legal rights and freedom, and their awareness of their duties and responsibilities as citizens and their greater political participation both at the national and local levels.

Moreover, the Government will implement new measures, including amending the Constitution to make future elections cleaner and fairer. At the same time, it will promote and improve the decentralization of administrative power to regional and local levels, especially through the tambon [sub-district] councils. They will be empowered to make their own decisions regarding fiscal management, purchase of supplies, and policy matters. Appropriate procedures will be applied to suit various conditions of both the areas which have had much development or those that still need central administration support, with respect to the solidarity of the national administration. The solidarity is one and cannot be divided.

The government will implement measures to revise the laws which are outdated and have become obstacles to the country's economic and social development. It will speed up the revision of the Revolutionary Party's announcement, and the National Administrative Reform Council orders to make them conform to the democratic system.

2. Bureaucratic Administration Policy

The Government is determined to change the role of the bureaucracy from one of implementor to supervisor. It will give greater support to private sector administration by making the bureaucratic system more open to public opinion and suggestions. This is aimed at transforming the government's approach from governing to development administration.

It wants to improve the bureaucratic administration and services to make it faster, and reduce procedures, decentralize personnel, administrative power, and fiscal management from the central administration to operational units and regional and local areas. A fiscal budget will be allocated to each province for solving the problems of people, as well as improving living standards, and the working condition of government officials. This will be an incentive for qualified officials to remain in government service. At the same time, it is government policy to apply the merit system as the main criterion when considering promotions for civil servants. This will boost the morale of qualified officials in the furtherance of their duties.

The government wants to improve the structure of ministries and bureaus in keeping with the present situation and make them correspond with the level of economic and social development, such as upgrading ministerial departments to ministry status. New ministries and bureaus will be set up, such as the Ministry of Natural Resources and Environment, the Ministry of Foreign Trade, the Ministry of Energy, the Ministry of Civil Engineering, the Ministry of Labor, the Ministry of Mass Communication, and the Police Bureau.

3. Economic Policy.

The government's goal is to maintain a high rate of economic growth by expanding both the production base and the overseas markets for Thai exports. Thailand can and will become the economic center of the "new frontier" in this region.

It will also make Thailand the center of production, goods processing, export, finance, and transport and communications in this region. In order to achieve such goals, it is necessary for the government to adjust Thailand's economic policy so that it will become more flexible and practical in foreign trade, monetary and financial administration, and in the supply of significant basic services. It is necessary to reduce monopoly and give the private sector greater opportunities in investing

57

in the expansion of basic services in telecommunications, transportation, energy, human resources development, and to apply more technology to productivity.

At the same time, the government will carefully implement the policy to further preserve economic and financial stability aimed at reducing inflation and trade deficits to the level which will not affect the living conditions, the cost of living, and investor confidence in Thailand.

Moreover, the government also places great importance on the income distribution policy and the acceleration of economic expansion in regional and local areas. This is specifically in the promotion of greater private sector role in solving regional economic problems in order to improve the income of poor farmers, agricultural laborers in rural areas, small-scale urban individual business operators, and low-income laborers and employees. These are the important target groups of the goverment's policy of income distribution. The government will implement the specific economic policy as follows:

3.1 Monetary and Fiscal Policy

The government will maintain and strengthen economic stability and the country's monetary and fiscal position. It will implement strict monetary and fiscal discipline and will make it conducive to effective and fair economic and social development. It will improve the tax collection structure to minimize duplications as well as make the tax system equitable and conducive to investment and business expansion in the country. At the same time, the government will use monetary and fiscal measures to help the weaker economic sectors, particularly agriculture.

All state enterprises will be encouraged to reduce their dependence on government subsidies and will be encouraged to raise capital in cooperation with the private sector in expanding and improving public utilities and service to make them responsive to the country's economic expansion.

On monetary policy, the government will develop and strengthen the financial system, financial institutions and the capital market so that they will have the efficiency in mobilizing both short and long-term savings. The government will relax control over financial institutions to respond to the needs of domestic investment and give Thailand a chance to develop into a regional financial center.

In addition, the government will implement monetary and fiscal measures to encourage environmental development and improvement, energy saving, pollution eradication, and natural resources preservation.

3.2 Agriculture

The government affirms its determination to assist all farmers and planters, especially poor farmers. This is a policy of utmost importance. Agricultural productivity must be increased and income security of small farmers and planters attained.

In this regard, the government will speed up land reform in order to legalize land occupation by poor farmers in denuded or degraded forests by stepping up the issuance of land use documents for farmers. In addition, the government will also develop lands that have arid, salt, and porous problems, as well as preventing land erosion in watershed areas. It will also preserve and rehabilitate coastal areas.

The government will increase short and long-term credits to poor farmers with less strings attached to enable them to switch to new and more profitable cash crops or animal husbandry. Regarding other production factors, the fertilizer trade will be liberalized in order to reduce monopolies. It will promote the production of fertilizer in the country to replace imports by realizing this as a basic factor in agriculture that the government must take into account in the interests of farmers.

The government will promote new agricultural techniques by depending more on science and technology, such as using organic fertilizer and biological measures for pest control, and artificial insemination and culture of livestocks and aquatic animals as a foundation for restructuring the country's agricultural production.

In addition, it will strengthen the farmers' bargaining power by promoting agricultural institutions and promoting private sector participation in production, marketing and processing of agricultural produce.

Regarding natural resources preservation and rehabilitation, the government will develop water resources for farming by emphasizing digging and dredging ditches, canals, and natural swamps to enable more farming during the dry season. An increase in protected forest areas from 20 percent to 25 percent of the total forested areas is planned. It will encourage the private sector and agricultural institutions to plan economic and community forests.

In addition, the government will preserve and rehabilitate coastal natural resources and territorial water areas as permanent aquatic animal breeding grounds.

3.3 Industry

The government will promote Thai industry to enable it to compete in foreign marekts in both quality and production costs. It will reduce import taxes on machinery, parts, and material as well as encourage private sector participation in providing tests and guarantees for industrial products. At the same time, it will speed up diversification of industries to rural areas and new economic zones, such as the eastern seaboard. It will speed up the development of southern seaboard as well as develop industrial estates, industrial export zones, and condominiums for industries in order to diversify

5Y

industries to areas which should be developed, and which will help control environmental problems effectively.

The government will give utmost importance to the protection, control, and solution of environmental problems, such as those caused by factories, and air, water, and sound pollution, waste disposal, toxic substances, and garbage, in dense industrial areas in Bangkok, major cities and rivers. In this regard, the government will support private sector investment in waste water treatment and waste disposal.

3.4 Commerce and Services

The government is determined to liberalize both internal and intertnational trade, which will serve as a guideline for the Uruguay Round of Mutilateral Trade Talks, and will improve efficient trade competition in order to establish Thailand as the regional trade center. Emphasis will be given to increasing Thai exports to the Indochinese market and the rest of the Asia-Pacific. It will improve the system of approving material imports and will adopt measures to prevent foreign dumping in the Thai market. It will also strengthen the unity of international trade negotiations and adopt strategies for the EEC in 1992.

On the internal trade policy, the government will emphasize agricultural price stabilization by speeding up the development of central markets, such as futures markets. It will also develop the warehouse, silo, and cold storage businesses in provinces to enable farmers to lengthen product life so that they can sell at higher prices.

In addition to the tourism development, which helps generate more jobs and foreign currencies, the government will initiate development of serices to repair land, water, and air vehicles to make Thailand a big regional maintenance and repair center.

Besides, the government will emphasize export by improving the state mechanism to facilitate private sector operations. It will also improve the standard and quality of exports to make them reliable in the foreign markets. In protecting consumers, the government will improve laws concerning price fixing and anti-monopoly as well as laws on measurement and laws concerning public corporations to respond to the current trade system. It will develop the stock market to protect the public from being taken advantage of or from facing too much risks.

3.5 Communications and Transportation

The government will speed up the expansion of telecommunications services and will improve communications services to meet with the the needs of business and the public which have grown rapidly.

The government will speed up the building of the elevated mass transit system and elevated railway and will improve all kinds of transportation for goods and passengers, including land, water, and internal and international air transport, to make them more convenient, fast, and safe.

The government will support the construction of new airports to promote business and tourism. In addition, it will promote the constructions of roads, according to the laws on concessions. It will improve public utilities and services, especially those which will help support the eastern seaboard development program.

The government will solve the traffic congestion problem in Bangkok and nearby provinces by speeding up the construction of the ring road outside Bangkok. It will consider building cross-river tunnels under rivers and bypasses to reduce the number of cars which have to pass through the city from the north to the west and to the east. It will also broaden existing roads to increase traffic space and will remove obstacle to facilitate traffic. It will also solve traffic problems in provinces that are enjoying economic growth.

4. Science, Technology, Energy, and Environment

The government will speed up the production and training of more scientists, engineers, and technicians and the production of university lecturers and researchers in order to meet the needs of the industrial, agricultural, service and rural development sectors and to receive foreign technology. Modern information systems will be introduced and adapted to enable the private sector to link up with foreign information sources and import information technology at appropriate cost and conditions. The government will also procure and produce sufficient energy to meet the country's demands.

The government will accelerate the development of basic structures and scientific and technological management systems by improving the structure of state-owned research institutes to attract competent staff. It will also improve government research network, education institutes, and the private sector so that their research can be used for commercial purposes.

The government attaches importance to the solving of air pollution caused by traffic jams and acid rain, and water and air pollution caused by factories and toxic waste disposal. It has targetted to reduce sulphur dioxide, carbon monoxide, nitrogen dioxide, and to reduce lead in fuel to a level which does not endanger health. It will improve lignite use in electricty generation to prevent acid rain and will strictly enforce environmental laws to contain pollution, such as the eradication of toxic substances from all kind of vehicles.

To improve the management of the environment, the government has a policy to set up a tripartite organization—comprising those from the community, business, and the government, to monitor and look after the environmental quality of urban areas, industrial zones, and tourist spots. The users of natural resources will be

57

responsible for environmental development and preservation. It will also encourage the construction of more public parks in urban areas.

5. National Defense Policy

The government will improve, develop, and strengthen the armed forces so that their size will be appropriate and so that they are efficient, combat-ready, and modern. It will improve their reserve and mobilization systems to benefit national development and protect national interests and will consolidate the national defense forces by incorporating the military, paramilitary, and popular forces to defend against internal and external threats, as well as to protect national resources.

The government will develop military capabilities and keep the size of the armed forces at their appropriate level. Self-reliance in national defense will be emphasized. Arms production will be promoted with cooperation from the government and private sectors and friendly countries. Self-reliance in national defense will be encouraged through the support of military research and development. At the same time, the government will support and promote the role of the armed forces in national development, security development, assistance of the people, and disaster relief. It will improve the morale of the soldiers and their families through welfare and subsistence assistance, as well as assist war veterans and their families so that they can live satisfactorily and honorably.

6. Foreign Affairs Policy

The government will implement an independent foreign policy which coresponds with the surrounding world situation. By upholding national interests, it will strengthen Thailand's role so that it is widely accepted. Using diplomacy, the government will promote national economic property. Coordination among all relevant government agencies, and between government and private sectors will be increased for more unity and effective implementation of foreign policy.

The government will honor the agreements made with other countries, will promote the activities which comply with the principles of the UN charter and the Human Rights Declaration, and encourage cooperation in international development and world environmental conservation.

The government will emphasize promotion of relations and international economic cooperation by expanding trade markets and investment and strengthen good understanding with neighboring countries in the interest of peace, stability, and prosperity in this region. It will further strengthen people-to-people cooperation through cultural and information exchanges and technical assistance for the sake promoting mutual good understanding. The government will further strengthen Thailand's relationship and unity with fellow ASEAN members. Relations with the major powers and trading partners will be developed, particularly those in Asia-Pacific, the Indian Ocean, the Middle East, and on the banks of Mekong river.

Moreover, the goverment will carry out information work to enable other countries to understand Thailand better through public relations and publicity abroad on Thailand's identities and culture. It will also emphasize the protection of interests of Thais abroad.

7. The Social Policy

The goal of the government's social policy is to promote peace, happiness, and quality of life of Thais in terms of education, health, moral aspects, and the preservation of national identities, as follows:

7.1 Concerning peace and order in society, the government will accelerate the prevention and suppression of all types of crime, particularly crime against the people's lives, physical safety, and property. It will step up earnest and continued suppression of war weapons and people who wield undesirable influence in localities, as well as promote community participation in the prevention and suppression of crime. The government will drastically prevent and suppress narcotics by cooperating with the neighboring countries to destroy narcotics production sources and seek cooperation of countries that have a high number of narcotics users for earnest help in solving the problem. The government will emphasize campaigns to make youths in and out of schools aware of the danger of narcotics, and will create an education program on this matter.

The government will create justice equality for the people and will employ modern technology in the court system. It will carry out parole activities and set up juvenile, family, and administrative courts. It will provide safety for people and officials present at the court. It will encourage settlement of disputes by tribunals to deal with the growth in the economic and investment fields and reduce the number of court cases.

7.2 Education

The government gives importance to expanding education opportunities in the secondary level so that compulsory education can be expanded from six to nine years. It will improve the curriculum so that it is suitable with local conditions, as well as expand the people's knowledge through the use of mass media. The government will emphasize instruction of mathematics and science to serve as a base for future production and use of technology. It will accelerate the production of personnel in the professions that suffer from shortages to meet the demands of the job market.

It will encourage education institutions to emphasize health promotion activities and physical exercise so that children and youths will have robust health and better

60

potential in national and international sports competition. Mental development will be achieved by encouraging the right deportment and selflessness. The government will promote the welfare and morale of teachers, both in the central and regional areas, so that they will enjoy security in their profession, particularly those in the remote rural areas.

The government wants to ease regulations to enable the private sector to participate in education management, particularly in secondary, vocational, and university levels. It wants to promote mobilization of resources and cooperation from local and foreign sources to more extensively support the operation of education institutions.

For education development at the university level, the government will spread university education more widely to the regional and rural areas by emphasizing education which improves quality of life and future employment opportunities. It will develop universities so that they will provide graduates, and research and technical services for society and preserve art and culture by emphasizing university administration efficiency, personnel development, mobilization of resources, and cooperation from local and foreign sources. It will encourage universities to organize more international courses, particularly by enrolling more students from the neighboring countries and from the region.

The government will accelerate production and development of personnel, both in terms of quantity and quality, in the academic and vocational fields to meet demands of the job market. It will support research that enhances academic progress and their application for national development, and help make Thailand more self-reliant in technology. The government will encourage greater participation by the private sector in university management, and promote cooperation in using the experiences by state and private universities and between universities and the private business sector so that universities will become more self-reliant.

7.3. Public Health

The government will hold that the control and prevention of AIDS constitutes an urgent and very important national policy by encouraging every agency concerned and the private sector to share the responsibility in the earnest and continual prevention of the disease.

The government emphasizes the policy of promoting good health of the people and informing them about the prevention of sickness and basic healthcare so that they can take care of themselves. This will be accomplished by accelerating the development of quality rudimentary healthcare in the provinces. It will also expand basic healthcare in the cities. The government emphasizes the improvement of health stations upcountry to serve the people by increasing medical personnel and equipment and improving regional hospitals so that fewer people will need to go to hospitals in Bangkok for treatment. The government will promote public agencies and the private sector to participate in activities that improves health. It will step up the dental hygiene program. It will improve health education through the mass media, and formal and informal education to encourage healthy habits. It will adjust the laws on public health and environment for efficiency. It will promote research and development to revive the use of traditional and herbal medicine as desired by the local communities. It will develop the local pharmaceutical industry for self-reliance and stress safety and treatment efficiency at appropriate prices, and promote its use by local consumers. It will promote the food, medical, and related industries for export.

The government has the policy of improving the existing health insurance system in compliance with the social security law requiring health insurance. It will provide assistance to those whom the society deems as recipients and will protect the consumers of food and medicine.

7.4. Social Services

As the government has the policy of providing social security, it will increase efforts to set up agencies to support it and to reform the law to streamline the implementation of social security. The government will emphasize aid to those whom society should help by encouraging greater roles by the local communities and the private sector. It will amend the laws so as to impose drastic punishment on those people who lure children, youths, and women for prostitution. It will make local administration and police officials cooperate closely and seriously to tackle this matter.

The government will develop and accelerate the availability of tap water and electricity to rural areas. It attaches importance to the people's safety and property, both in the provincial and regional levels, by emphasizing prevention and the relief of calamities and rehabilitation of the impact of calamities. This is coupled with educating people in the prevention and relief of the effects of floods and in the use of liquefied petroleum gas and electricity in homes.

8. The Income Distribution Policy

The government is determined to solve the poverty problem and reduce the income gap. The targets of the government are the poor [word indistinct] and farmers in the provinces, self-employed in the cities, manual workers, and low-income earners. The concrete measures for these people are:

The government has a firm policy of supporting main crops and their prices through market manipulation and the construction of silos and fields for drying rice, facilitating export, and carrying out trials that link crop and livestock price guarantees with agricultural credits in order to increase the income of farmers and reduce production risk. Moreover, the government has a policy of setting of a special fund to help poor individual farmers and provide welfare assistance to farm workers, particularly in work safety. The government will provide training to increase their skills and wages.

The government will educate and train people who lack opportunities in society; children, youths and women in poverty stricken areas, the mentally or physically disabled, and particularly the victims of economic exploitation. For the self-employed who own small businesses and workers in the cities, the government will provide them with opportunities to gain access to the production base by developing their knowledge and skills so that they will receive suitable and fair wages and work conditions. It will provide social welfare benefits to the workers and job workers throughout.

The government has a policy of providing space for vendors to ply their trade, and of monitoring and improving the job environment of construction and factory workers. This will be carried out simultaneously with the improvement of their living standards by ensuring compliance with the minimum wage law and laws concerning job safety. The quality of life of the people in city slums will be systematically improved. Housing service will be given to low income earners as well.

The government intends to strengthen the people's organizations at the tambon and village levels so that they will be able to play a greater role in planning and developing their communities by allocating more revenue collected from the use of local natural resources, such as royalties, to the local areas. This is also to be done by encouraging greater participation by private development organizations in community development both in the city and provinces.

Your respected parliament president and parliament members, I pledge that the government will strictly and urgently implement the national administrative policy which I have just stated in order to bring prosperity and progress to the country and happiness to the people. The government is confident that the cooperation and support of the honorable members of parliament will further contribute to the rapid and successful implementation of the policy. Therefore, I take this opportunity to thank them. Thank you.

Debate Over 9 Jan Policy Statement Viewed

BK1001012991 Bangkok BANGKOK POST in English 10 Jan 91 p 4

[Editorial: "A Debate Which Did Little for Democracy"]

[Text] In a healthy system of parliamentary democracy, there are a number of crucial occasions when Members of Parliament—both those in the government camp and on the opposition benches—are expected to show their best performance. One such occasion is the day that the government delivers its policy statement. Following the prime minister's delivery, the opposition MPs in particular are expected to make a thorough critique of the contents of the statement and recommend areas where they believe improvements or changes to be desirable. There should be no belittling the importance of this exercise because the administration of important state affairs will be based on this very policy blueprint. As the administration progresses, the opposition MPs can periodically check on the government's performance, to see whether it has stuck to or deviated from the stated policy.

Against this background, the quality and substance of yesterday's lengthy debate on the Chatchai II government's policy statement was disappointing to say the least. There was little studied analysis or well thought-out arguments emanating from the sequence of opposition leaders and MPs who took their turn at the rostrum. Against superficial mention of aspects of the policy statement, the main thrust of the debate was focused on the controversial personality and conduct of selected ministers who have been the target of criticism since their appointment. The innuendo by one speaker that one of the new Cabinet ministers is gay might have been entertaining enough to draw a round of laughter, but this hardly has anything to do with the government's policy and smacks of poor taste. Coming at a time when politicians in general are viewed with suspicion, such a substandard performance during yesterday's debate was tantamount to rubbing salt into a wound. With widespread public perception of proliferating wrongdoing in government circles during the previous administration, there already existed a "crisis of faith" in the present political system. This should have made it all the more necessary for politicians, both government and opposition, to improve their conduct in order to regain some public trust. What transpired in Parliament yesterday might well have stretched the public's endurance and tested its patience.

The policy statement debate aside, Gen Chatchai and his new coalition must accept that corruption in official circles is an important problem that has to be tackled seriously. Some academics have already warned that any deterioration of the problem could lead to some drastic changes in the politicial system, an oblique reference to the possibility of a military takeover. While the real prospect for this appears remote—the military's perception of politics has grown more mature alongside other sectors of the Thai society and army chief Gen Suchinda Khraprayun has professed that the military establishment would steer clear of politics—there is no justification to leave any such option open. On the other hand, there is every justification for the politicians to try reversing the public tide.

Based on all indications so far, the new coalition government will have to tread a rocky path. The powerful alliance of the new opposition line-up will likely put the government constantly on guard. But opposition MPs too should bear one crucial point in mind: their conduct both inside and outside the halls of Parliament will also have a bearing on the public's judgement. In the final analysis, it is they together with their counterparts in the government camp who will either make or break the present political system. Few, if any, of politically-aware citizens would like to see the country reverting to the old days of military dictatorship. All the MPs will be jointly held responsible if their collective behaviour degenerates to the extent of encouraging such a drastic change.

BANGKOK POST Reports Policy Debate

BK1001020191 Bangkok BANGKOK POST in English 10 Jan 91 pp 1, 3

[Text] Foreign Minister Athit Urairat, Justice Minister Uthai Pimchaichon and Communications Minister Samak Suntharawet bore the brunt of opposition criticism during the Government's policy statement to Parliament yesterday.

In what at times seemed to be more of a censure rather than a policy debate, opposition MPs hammered home their points against individual ministers as they went over the Government's eight-point policy statement presented to a joint session of both Houses yesterday by Prime Minister Chatchai Chunhawan.

Social Action Party (SAP) secretary-general Montri Phongphanit charged that the Government already failed in its political policy to uphold the democratic system of government with His Majesty the King as head of state. He asked why Justice Minister Uthai was allowed to be in Hong Kong when cabinet ministers were to attend a swearing in ceremony with the King.

Mr Montri also criticised foremer finance minister Pramuan Saphawasu, now industry minister, for always raising budgetary obstacles to his Communications Ministry's projects such as the Hopewell, the Saraburi expressway, and the telephone expansion projects. Because of such alleged political jealousy the policy to support private investment would never work, Mr Montri said.

Mr Pramuan (Chat Thai) and Mr Montri (SAP) are direct political opponents as both are MPs for Ayutthaya.

Mr Montri also argued that Foreign Minister Athit had breached the Constitution because he had committed the country to full support of Saudi Arabia and Kuwait vis-a-vis Iraq before the Government made its policy statement to the House.

Democrat Party leader Phichai Rattakun said policies can be easily put into writing, but they can never be realised because their success depended on the actions of the Prime Minister and cabinet ministers. He said the Premier had made honesty and the fight against corruption the cornerstone of his policies, but asked why he had only just done so because the whole country and "certain institutions" had been talking about it for the last two years.

He also asked whether Dr Athit's offer to act as middleman for any Gulf crisis negotiations was not too ambitious an offer. Mr Phichai also faulted the minister for saying he would visit Phnom Penh when Thailand has no diplomatic relations with that country yet and has always supported the Democratic Kampuchea Government.

He also blamed Dr Athit and deputy Interior Minister Watthana Atsawahem for engaging in an open conflict over the evacuation effort for Thai workers in Saudi Arabia.

Phalang Tham Marukhaphithak secretary-general Thinnawat Marukapitak said the refusal of some Thai workers to return home despite the threat of war was testimony to the failure of an equitable income distribution policy within Thailand. He also charged that the current Cabinet had many ministers with a dubious personal history.

Muan Chon Party leader Chaloem Yubamrung said he wanted to speak about individual ministers because the success of any policy depended on those carrying it out.

He charged that Solidarity secretary-general Chaloemphan Siwikon lied to the country that Mr Uthai was in Trat when he was, instead, in Hong Kong while other ministers attended the swearing-in ceremony.

Pol Capt Chaloem also said Communications Minister Samak seemed to think that everyone else was stupid when they raised questions about his status as a minister.

He said Mr Samak faced three suspended jail sentences, the first for "defaming a dead person" the late science minister Damrong Latthaphiphat, the second for defaming Banhan Sinlapa-acha and the third for defaming Sawit Phothiwihok.

"This is a bit like a murderer becoming a monk," Mr Chaloem said.

He insisted that Mr Samak's status as a minister was in doubt because Article 155 of the Constitution barred anyone who had received a jail term from becoming a Minister of the Crown.

Pol Capt Chaloem also lashed out at the Solidarity Party claiming that its leaders—Narong Wongwan, Mr Chaloemphan, Dr Athit, Bunchu Rotchanasathian and Vwira Musikaphong had publicly called for the intervention of the military to act as temporary caretaker while a new constitution was drafted to block vote-buying and eliminate corruption.

"These people clearly have no faith in the democratic system as they have called for outside intervention to solve parliamentary problems. How can they now come around and say that they would uphold the Constitution?" Pol Capt Chaloem asked.

He also pointed out that Solidarity had publicly charged the Prime Minister and his late father with corruption and announced it would never join the Government so long as Gen Chatchai was still prime minister.

63

He called Solidarity and its leaders "liars" to the protest of one party MP. However, none of the party leaders rebutted his criticism.

Pol Capt Chaloem also charged that the brother of the secretary to Agriculture Minister Narond Wongwan had been arrested on drug trafficking charges and asked how the Government's policy to suppress drug trafficking can be effected.

He also charged that the arrest of Solidarity MP Dusit Sophitcha for alleged extortion of a private company was tied to Interior Minister Praman Adireksan who had given a monopoly to the company for the import of liquid asphalt while he was industry minister.

In response, Justice Minister Uthai explained that he had indeed been in Trat before leaving for Hong Kong because he did not know that there would be a swearing-in ceremony. He said that he had a different opinion about joining the Government and stayed away from the negotiations but had said that he would accept any party decision.

Public Health Minister Piyanat Watcharaphon called him on the 13th of last month to say he was being named to the Cabinet and asked him to choose a post. He chose the Justice Ministry but said he did not at the time believe the party would get to join the Government because he had been offered ministerial posts several times before.

The next day he left for Hong Kong and did not get back until late on the 16th by which time the swearing-in had already taken place. He then sent a letter of apology to His Majesty the King's Principal Private Secretary and called the Prime minister to apologise, asking him to arrange a new audience so he could be properly sworn-in.

Vietnam

Military Institute Contributes Views on Documents

BK0801152091 Hanoi QUAN DOI NHAN DAN in Vietnamese 18 Dec 91 p 1,4

[Column by Le Ba Tinh: "Contribute Views on Draft Documents of the Seventh Party Congress"]

[Text] The party organization of the Politico-Military Institute has closely coordinated its academic and scholastic activities while setting aside a reasonable amount of time for everyone to study and contribute their views on the draft documents of the seventh party congress. With a sense of responsibility and an attitude befitting party cadres and members of an institute charged with teaching and studying social science and Marxism-Leninism in the Armed Forces, and given many views exchanged and contributed, it is reported there is an identity of views on basic points, principles, and contents of the Platform for Socialist Construction during the transitional period. But many suggestions called for supplements to or revisions of some points, including the contents and some specific terminologies of the platform, in order to ensure that the platform is systematically prepared. In addition, a number of views on the platform pointed out that the party should pay attention to the people's strategy and should concern itself with improving the ethical quality of party members.

The views presented by various leading comrades of the institute and of the party chapters of the Political Office and the Faculty of Philosophy hold that it is now most important for our party to improve public knowledge in order to meet new revolutionary tasks. The party's systematic leadership should first reflect in its scrupulous attitude while studying all well-founded suggestions and experiences in order to draw on lessons, map out a correct course of action, and promptly correct existing shortcomings. In this vein, Comrade Nguyen Tri Dung, Nguyen The Luc, and Nguyen Van Tai (of the party chapter of the Faculty of Philosophy) suggested that the part dealing with the period of the people's national democratic revolution in our country be shortened and written in such a way as to underscore the achievements attained, as well as mistakes and shortcomings committed since 1975 in order to create a "basis" for ascertaining the platform for socialist construction during the transitional period.

The platform should also be further supplemented with achievements and shortcomings of the party since the sixth party congress. Why? Many people were of the opinion that supplementing achievements and shortcomings since the sixth party congress would contribute to making it possible for the platform to fully portray the image of the Vietnamese revolution, notably since the congress. Also, Chapter Two of the platform should present the international situation in a shorter and neater fashion with emphasis on asserting the epochal trend while concentrating on underscoring the situation and characteristics of our country when entering the transitional period. We need more practical factors for ascertaining the platform.

Chapter One of the platform says "our party is slow in mapping out an investment plan for the transitional period." Is that right? Many people of the party chapter of the Faculty of Philosophy said that the phrase "our party is slow in determining the initial stage for the transitional period" is not accurate. As we should deal with the initial stage objectively, it is important that our party perceive this issue in such as way as to come up with a correct course of action. Therefore, we should not say that "our party is slow in determining the initial stage for the transitional period" but should instead write: "Our party is slow in conceiving a specific course of action and objectives to be achieved in the initial stage."

Comrades Nguyen Tuan Dung, Man Van Mai, and Phi Van Du (of the Faculty of Scientific Communism) and many comrades of the party chapters of the Political Office and the Faculty of Philosophy have also expressed their views that we should merge Lessons Four and Five in Chapter One headlined: "From the Reality of Our Revolution" into a general lesson renamed "The Correctness of the Party Leadership Is a Factor Determining All Victories of the Vietnamese Revolution."

Party cadres and members of the party chapter of the Faculty of Philosophy also pointed out that the basic differences of our society during the transitional period as presented in Chapter Two should be generalized and the two parts of the equation should be balanced, and that we should replace the phrase "proceeding from inevitability" with "high requirements." This is because the phrase "proceeding from inevitability" implies the direction and does not bespeak the high requirements of the cause of socialist construction.

Many comrade members of the party chapters of the Political Office, the Faculty of Scientific Communism, and the Faculty of Philosophy shared their views on how to base ourselves on those achievements already attained in concluding the initial stage. If there is a time limit for the initial stage, we should foresee and ascertain it in a practical, systematic fashion instead of saying that "this stage will be concluded after a few five-year plans." In the phrase "with remarkable accumulations from within the economy" in Chapter Two, we should drop the term "remarkable" because such an expression is not suited to our scientific thinking. Some people suggested that Chapter Two's subhead "Transition to Socialism in Our Country" be changed in such a way as to suit the general idea of the platform and correctly reflect the fact that our country is under socialist construction. Others asked that in the platform we should properly address Uncle Ho as Comrade Ho Chi Minh.

Maj. Gen. Dao Trong Lich and Col. Le Quang Huan (of party chapter A) proposed that we should replace the phrase "building the people's Armed Forces of ever-higher quality" (Chapter Four) with "building people's Armed Forces of sufficient strength to defend the socialist fatherland." Colonel Le Hong Thoa suggested that the phrase "building the people's Armed Forces is the task of our state and people under the party leadership" should be replaced with "building the people's Armed Forces is the main, consistent task of our state, people, sectors, and branches under the party leadership." Various comrades of party chapters of the Political Office proposed that the phrase "formulating appropriate policy to help cadres and combatants and to improve Army rear services" (Chapter Four) be replaced with "formulating policy on special treatment for cadres and combatants and for improving Army rear services."

Many comrades at party chapters of the Politico-Economic Office said the formulation of human strategy mentioned in the platform was too vague. It mentioned only efforts to train and educate the younger generation to make them competent laborers who will uphold the sense of collective mastery, while failing to mention concrete efforts for educating other classes in society. Even in the task of forging the younger generation, the main force for the current renovation cause at present, the platform also failed to elaborate details. Col. Vu Ngoc Diep argued that, in the part dealing with social policy, the platform stressed that efforts should be made to provide jobs for all laborers, especially the young ones, and that this was too general, and should emphasize that it is necessary to ensure jobs for all workers and provide them homes and education. Col. Pham Tuyen suggested that the phrase "the intelligentsia is a valuable asset" in the part dealing with policies be replaced with "building the contingent of intelligentsia and competent men, the motive force of the nation, is a lofty task." Pham Tuyen also suggested that the phase "those who worship money above all other things" be replaced with "money-conscious persons."

Many comrades at party chapters of the Political Office raised the issue of the party building task in our country, especially at the grass-roots level where party principles and ideals were dishonored by a number of party members, thus damaging the party prestige and diminishing the people's confidence in the party. Given the new reqirements of the revolution, the party platform should emphasize that the criticism and self-criticism drive is the task to be carried out consistently by party organizations, and that all party members must enhance their background knowledge, morals, and the spirit of comradeship within the party. Regarding renovation in the cadre-related task (Chapter Six) Col. Nguyen Trung Truc suggested that the following passage be added: "Cadres from the central to the grass-roots levels must set a good example for the others; their words and deeds must match." Lt. Col. Le Dinh Thu suggested that in training and forging party members, the party platform should stress the unyielding struggle against the bourgeois, petty bourgeois, and feudalist concepts, as well as individualism and opportunism under all circumstances.

Column Views Public Opinions on Party Documents

BK0801144391 Hanoi NHAN DAN in Vietnamese 13 Dec 90 pp 1, 4

[Column by Duc Luong, Hai Duong, and Pham Van Khanh: "Contribute Views on Draft Documents of the Seventh Party Congress"]

[Text] In the last days of the year, various sectors, organs, and enterprises were busy fulfilling and reviewing the annual plan. Meanwhile, cadres and the people were worrying about the condition of commodity prices, especially the "fever" of rice prices. Against that background, the Ha Nam Ninh provincial party committee launched a drive to deeply and broadly discuss various documents of the seventh party congress and to contribute views on these documents. This drive, we thought, could easily be quieted down or conducted "swiftly" just for the sake of formality. But it did not actually turn out the way we expected. Our group of five correspondents had to go in different directions in order to promptly collect information during the first week of December—the beginning of the debate on these documents.

65

Lively Plans and Responsibilities

From an initial observation, in general, we could easily realize that this was a drive launched with careful planning to discuss the draft "Platform for Socialist Construction During the Transitional Period" and the "Strategy for Socioeconomic Stabilization and Development up to the Year 2000." From the offices of the provincial party committee, the People's Committee, the military command, the Science and Technology Committee, and the Agriculture and Forestry Service to various organs and enterprises at the village or city ward levels in Nam Dinh, Ninh Binh, and Phu Ly cities, as well as from Vu Ban and Hai Hau to Hoa Lu Districts, there were similarities in the steps and contents of the drive.

The comrade secretaries of the provincial party committee, the Nam Dinh city party committee, the Ninh Binh city party committee, and the Hoa Lu district party committee; the comrade chairwoman of the Ba Trieu ward people's committee; and the brother truck driver of the electronics enterprise in Nam Dinh city all reached an identity of views on important matters under the guidance for discussion provided by the party Central Committee Secretariat.

Ha Nam Ninh's guidance, with careful plans for the drive to contribute views to various documents of the seventh party congress, was aimed at combining this drive with other political tasks and the 10th month crop production, as well as at conducting it along with party organization congresses at various levels. As of 10 December, some 73 of 76 units in Hoa Lu District had submitted reports to the office of the district party committee which summed up public views.

Thanks to this close guidance, discussions among party chapters, party organizations, and mass organizations, including typical mass organizations, were held in a scrupulous manner and with discipline and good results. At all the discussions we attended, party members as well as the masses were allowed to express their views as much as they wished.

In a morning debate on the party platform, 13 party members of the bloc of trading service corporations subordinate to the Nam Dinh party committee expounded nearly 20 views. The debate was held amid an atmosphere of confidence and a sense of responsibility.

Comrade Dang Huu Van, member of the electronic enterprise, said: "The issue is so great, so important. I am afraid that we are not careful enough by expressing our views after reading it only a few times, and this means we will fail to demonstrate a scrupulous attitude toward the party and people. I am very happy with and have great faith in this document of the party because, through the part dealing with our glorious history in general, it reflects the life of my countrymen, myself, and my colleagues. In my opinion, the party platform not only provides the orientations for our people to advance on the path of the socialist revolution, but also manifests the great determination of the entire party and people to unravel difficulties and firmly maintain their stand at present. Therefore, although my standard of knowledge is limited, I have great confidence in this document."

With emotion, Comrade Vu Van Dien, deputy director of the electronics enterprise, said: "Yesterday I had the great honor of a lifetime in standing among the ranks of the party. Today, I again have the honor of attending a debate on the party platform. This is of great significance to me. I feel I must have a high sense of responsibility."

Perhaps what we need to say about the drive to discuss and contribute views to the party documents is that this time, things are on a "macro-scale." We were greatly surpised when cadres and workers of the Ha Nam Ninh joint trucking enterprise requested in a debate: From now on, the party and state should inform the people, at least one week in advance through the mass media, of any documents to be made public. All press agencies must forsee the need to increase the numbers of their newspapers to serve the public. Each family of cadres or party members should also need a few copies of party newspapers. When husbands and wives read these newspapers, their children usually want to do so, too. The number of newspapers issued in this drive is too small. It is a lot of trouble to borrow or pass newspapers from one another. How can a person express his views profoundly on a matter when he does not clearly understand it?

Initial Views on Draft Platform

The views expressed at all the seminars to assess "the great victories of and lessons learned from the Vietnamese Revolution" are unified in general and can hardly be modified. Some suggested that the order of lesson 5 (party leadership) be changed and that it be placed before the lesson title, "Our party is the decisive factor." This makes sense to some extent, because the party's strength stems from unity and solidarity. To make sure our party always remains worthy of serving as the vanguard unit of the revolution and the people's leader and loyal servant, besides opposing the two major risks (erroneous lines and bureaucratism, which drive the people away), some comrades warned "against opportunism," considering it also a risk.

As for our country's transition to socialism, the seminar participants highly agreed on the necessity for a transition to socialism and for the fundamental principles of building socialism pending the transitional period. Comrade Pham Hung Bich, a driver, said that it was still insufficient to think that the platform pointed out the root causes of serious and prolonged crises in many socialist countries which had deprived the party of its leadership role and that delay in overcoming the long accumulated mistakes had caused changes in the socioeconomic system, because the platform only stressed the subjective factors and did not fully deal with imperialist plots against socialism. It must tell straightforwardly that since the birth of socialism, the imperialist and other hostile forces have counterattacked, trying to wipe out

66

socialism and did not wait until now to capitalize on those mistakes and difficulties.

Regarding the socioeconomic development program, much time was devoted to discussing and exchanging views not only on the wording but also on the contents, level, and limit of the program because it is closely linked to the job of each person and the life of each family. Comrade Vu Van Dien fully agreed with the proposition "Developing the commodity economy is the essential path to advance to large-scale production" but disagreed with the view that this is only "a matter of the binding nature of the socialist economy." According to him, developing the commodity economy is a common law. Many others held views concurrent with the organization of a commodity economy with a multisectorial structure and with the expansion of foreign economic relations. Here, all the views succeeded in raising the question of which path and which system should be followed to expand the relations so that our policies remain "open without loopholes."

Taking on the idea "open without loopholes," Comrade Nguyen Van Hoa, a photo synthesizer of the trade service company, worriedly expressed that it was right and necessary to let the individual and private economy expand its production and business, but measures should be taken to prevent private individuals from becoming a social class claiming the right to have a political party and multiparty competition which would drive the country into another orbit.

In the seminar held by the provincial Science and Technology Committee to discuss this issue, architect Bui Danh Duong stressed the role of state regulation through various economic lines and policies. According to him, owners of private enterprises in an economic system oriented toward socialist objectives should not be considered as former exploitative bourgeoisie. The problem is that our party and state must have suitable policies to ensure the rational distribution of profits. Although agreeing with the policy of letting the state-run economy maintain its leadership over the other economic sectors, Engineer Vu The Dai held that the state-run economy still has inadequate conditions for maintaining its leading role through the various forms of cooperation, alliance, and business competition, especially in trade. As for science and technology, masters degree holder Dang Duc Tao, head of the provincial Science and Technology Committee, maintained that although our country has made some scientific and technical progress since 1975, we still have many shortcomings in management and technology. He recommended that this issue be added to the platform. Many other views asserted that if we want science and technology to maintain the key role, policies toward intellectuals must be renovated and the key should not turn into a "latch" to "lock the door" on intellectuals.

In the seminar held by the key cadres of the provincial military command, a great deal of time was devoted to animatedly discussing the issues of national defense, security, and foreign policy. Lt. Col. Tinh, a chief political officer, concurred with the platform that determines the close relationship between the national defense and security task and the foreign policy. This conforms to history and the current situation. Defending the country and firmly maintaining political security never contradict the open-door policy. Lt. Col. Tran Huu Tu, Maj. Le Nhu Huan and Capt. Nguyen Quang Hoa all maintained that the platform should clearly orient the building of the people's Army into an increasingly modern regular one and clearly determine its main duty, that is to remain combat-ready and to fight.

"The political system" and the "Communist Party of Vietnam in the Cause of Socialist Construction" were placed in a unified organic relationship by participants in nearly all seminars. Generally speaking, although these two parts are very important, very few participants mentioned them or probably debated them by the end of seminars. Nevertheless, a certain number of party committee leaders of Nam Dinh city, Ninh Binh town, and Hoa Lu District explained: Our cadres and party members probably held back their views for the various debates on the draft report on party building and amendments to party regulations, and the political report at the national party congress. The expressed views dealt with the party's concentration on the renovation of cadre tasks.

Comrade Nguyne Van An, director of the electronics enterprise, said: "If the party wants renovation, it must start with cadres. Economic activities are very difficult. We can hardly pass this alley without becoming stuck in another one. This does not mean a slip or a mistake, but an obstacle because of mischievous cadres and a lack of mechanisms that are after all set up by cadres." Many suggested that party committee echelons grasp the cadre tasks and truly renovate their thinking about the tasks ranging from the assessment and selection to the advanced training, promotion, and employment of cadres. We must be far-sighted and must not leave our "determination to train cadres and plan for cadre training" in documents and reports.

Party Meeting Entertains Views on Platform

BK0801144991 Hanoi QUAN DOI NHAN DAN in Vietnamese 13 Dec 90 p 1

[Column by Duc Khang: "Contribute Views on Draft Documents of the Seventh Party Congress"]
[Text] The renovation undertaking started and led by the party was and is scoring new achievements and is opening up the way for our country's revolution.

Even in the background of the present difficulty and complexity, our people still trust the party. Therefore, the draft "Platform on Socialist Construction for the Transitional Period" and the "Strategy of Socioeconomic Stabilization and Development up to the Year 2000" have been studied, have been subject to exchanges of views, and have received opinions from many cadres, party members, and the public. In the process of constructing and implementing the platform and strategy, it is necessary to consider "making the people the base." This was one of several issues to which many cadres and party members of Party Chapter One of the Institute for Strategic Studies, Ministry of National Defense, have made numerous suggestions.

Many opinions that were exchanged illuminate the party's view and the issues mentioned in the platform. And the opinions are in the same line of thinking. Everybody must contribute to and implement the platform and strategy. That will be a landmark in opening up the direction for our revolutionary undertaking led by the party.

Comrade Senior Colonel Nguyen Anh Lan said: Maybe they are presented differently, but five lessons mentioned in the draft platform were concluded in the documentation of the previous party congresses. From the reality in the past years, all successes, mistakes, and shortcomings have pointed out to us that we have to be fully and completely aware of the ideology of "making the people the base" to build comradeship and to unite the party.

Comrade Nguyen Manh Hung stressed: It is necessary to mention in the lesson that the Vietnamese people have a tradition of being industrious at work, brave in fighting back invading forces, and determined to follow the party under any circumstances. The opinions of Comrades Major Bui Viet Chien, Nguyen Quoc Vi, To Xuan Hue added: The leadership role of the party has been recognized by the people. Under the circumstances of the party's leadership, it is necessary to stress the lesson of "making the people the base." It is quite easy for everyone to agree on ideology, but in reality quite a few cadres and party members distance themselves from the people, stand "above" them, and work against their interests.

Comrade Major Tang Van Huy stated: In order to completely comprehend the ideology of "making the people the base," the chapter on the political system (Chapter V) should pay particular attention to building a strong government with a system to guarantee the practice of the people's right to mastery, together with a clear definition of the responsibility of every organization and every person for all tasks done, including both the successful and the failed ones. Nowadays, at grass-roots organizations—Comrade Nguyen Anh Lan stated—quite a few cadres do not respect the people's right to mastery, and embezzle public funds or do not report income accurately. Great negativism in the national reserve, in banks, in the forest industry, and so forth have caused losses of billions of dong. Who is responsible? Have they been dealt with properly? Should that situation be allowed to go on? From that, some opinions have been clearly expressed: In the transitional period, especially at present, we must pay particular attention to countering corruption, to ending the oppression of the people, and to considering that as a main measure toward reestablishing social order, we must gain the confidence of the people.

Comrade Major Nguyen Xuan Thuy suggested that the following be added to Chapter VI, the section on "renovating cadre work": Quickly prevent, deal with, and replace people who lack quality and capacity. Some comrades suggested: When talking about the characters of cadres, it should be done directly; do not use ambiguous words such as "vainglorious." Many of the opinions expressed make it clear: At present, as the world situation is changing to a more complicated condition, it has been proven that our people are loyal to the party and have confidence in the national renovation undertaking. Hence, every position, policy, and target mentioned in the platform and the strategy of national socioeconomic stabilization and development, while defining the purpose and duty of every level and every organ must also respond to the realities of practical life, must work for the people's benefit, and at the same time must contain measures for implementation so it can return concrete results.

Some comrades suggested to the armed forces that the words "having appropriate policy" should not be used because it easily leads to implementing a policy "conveniently." Instead it should state clearly: Having a policy of preferential treatment for the Armed Forces and Army support area. The life, price, wages, and security situation, as well as the words and actions of cadres and party members are every day, every hour directly affecting every family, every person. All directives and planned strategic targets must contain reasonable solutions and concrete tasks.

The renovation of the party leadership also means making our party one with actions tied to the flesh and blood of the people, and for the people's benefit. Implementing the platform on socialist construction for the transitional period and the strategy on socioeconomic stabilization and development up to the year 2000 needs to be more concentrated on "making the people the base." That is the historic lesson and the vivid reality of today's life.

Haiphong Prepares for Local Party Congresses

BK1001070491 Hanoi Domestic Service in Vietnamese 1430 GMT 9 Jan 91

[Text] The Party Committee of Haiphong Municipality has concentrated on guiding efforts to consolidate grass-roots party organizations, to purify the ranks of cadres and party members, to enhance their militancy, and to expel degenerate and deviant elements from the party. Many party chapters and cells have satisfactorily combined the task of commending good party members and taking severe disciplinary action against party members who violate discipline. A total of 40 percent of Haiphong's party members have been recognized as meeting the standards of vanguard and exemplary members, while from two to three percent of the municipality's party members have been expelled for violations of discipline or for being degenerate and deviant.

While party chapters and organizations in rural areas have evaluated the quality of their members relatively accurately, grassroots party chapters in various subwards, public organs, Army units, and public security forces have failed to correctly assess the performance of their members and have displayed right-wing deviationism and a reluctance to deal with shortcomings, especially in economic and trading establishments operating in the red and in units whose violations of official policies have caused a loss of public trust.

The Party Committee of Haiphong is focusing on making preparations for holding party congresses at district and provincial levels. In the immediate future, it will strive to improve the performance of 115 weak party cells that have been charged with transgressions of economic policies, abuse of power, corruption, and violations of the people's right to mastery.

Nguyen Co Thach Receives India's Mehrotra

BK1001072291 Hanoi International Service in English 1000 GMT 9 Jan 91

[Text] Last week, Indian Deputy Foreign Minister Lakhan Lal Mehrotra visited Ho Chi Minh City. He was received by Foreign Minister Nguyen Co Thach.

Correction to Localities Discuss Draft Documents

BK0901095591

The following correction pertains to the item headlined, "Localities Discuss Party Draft Documents," published in the 9 January East Asia DAILY REPORT, page 42:

Column one, last paragraph, sentence four, make read ...objection to the party draft documents... (omitting word "two")

69

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.

Canada, Mexico and other countries of Latin America. The European Community, which will have an integrated market by 1992, is also believed to be pondering the expansion of its already large economic bloc to include the European Free Trade Association and the new democracies of Eastern Europe.

To counter the tide toward regionalism centered around economic blocs in Europe and the Americas, there have been calls within Asia for the strengthening of Asian cohesiveness. Malaysian Prime Minister Mohamad Mahathir, for example, has called for an East Asian market framework. While MITI wishes to foster Asian cooperation and the division of labor within the region, ministry sources say it must tread carefully because any perception that Japan is in favor of forming an economic bloc in Asia would only encourage movements toward protectionism throughout the world.

Minister Notes Drop in Food Self-Sufficiency

OW0801131991 Tokyo JIJI in English 1239 GMT 8 Jan 91—FOR OFFICIAL USE ONLY

[Text] Tokyo, Jan. 8 (JIJI PRESS)—Agriculture, Forestry and Fisheries Minister Motoji Kondo noted a drop in Japan's food self-sufficiency rate amid continued foreign pressure for liberalizing Japan's rice market.

Kondo said at a regular cabinet meeting that the self-sufficiency rate on a calorie basis stood at 48 pct [percent] last year, down one percentage point from the previous year, according to government officials. Kondo told reporters after the meeting that he reminded his cabinet colleagues that different numbers should not be used to indicate Japan's self-sufficiency rate. The remark indicated the minister's policy of giving stress to the downtrend in the self-sufficiency rate in future discussion on foreign countries' pressures for opening Japan's rice market for imports.

The minister saw little impact of a possible appointment of U.S. Agriculture Secretary Clayton Yeutter as chairman of the U.S. Republican Party on agricultural trade negotiations in the Uruguay Round. Reports from Washington said Yeutter would be named to assume the post, replacing ailing Lee Atwater, a close friend of President George Bush. The United States will continue the current stance in the multilateral trade negotiations regardless of whether Yeutter is transferred to the top Republican post or not, Kondo said, adding Japan will also maintain its policy on farm trade.

Measures to Prevent Construction *Dango*

912A0060A Tokyo EKONOMISUTO in Japanese 20 Nov 90 pp 58-62—FOR OFFICIAL USE ONLY

[Article by Tokyo Metropolitan Government Bureau of Finance chief, Shigeru Yoshioka: "What Has To Be Done in Order for Construction *Dango* To Disappear?"]

[Text] **Is It a Laudable Custom of Japanese Enterprises?**

In the SII [Structural Impediments Initiative] talks, unfair bidding behavior (so-called *dango*) was pointed out by the U.S. side as one exclusionary business practice. In the SII talks, the final report has been received, and the focus has shifted to a follow-up, but this problem is also entertwined with the questions of barriers to entrance into the Japanese market and the ethics of Japanese companies, so it has become a problem which cannot be by-passed.

Japanese enterprises' predisposition toward *dango* is considered to be particularly striking in the construction industry, (the Construction Industry Act establishes 28 types of industries such as telecommunications and the landscape gardening business as construction industries, in addition to civil engineering and architecture) and it is said that a cultural side unique to Japan is behind it.

In point of fact, most of Japan's basic industries started out in the Meiji era as government-managed businesses, so they have formed a unique history and climate which differ from those of America, in which companies were born in free competition.

For example, the former Nippon Telegraph and Telephone Public Corporation and former Japan National Railways adopted a formula which limited the purchase of major materials to enterprises in the same family, so they have not nurtured a free market. Furthermore, even in the textile, mining and steel-making industries, which were privatized at a comparatively early stage, the existence of the kind of exclusionary transactions represented by *keiretsu* transactions is still being pointed out.

What is still more troublesome, this point is also being pointed out in industries which started out from the beginning as privately managed industries, the automobile industry, for example. One can probably say that there is a reason why it cannot be helped if the unique nature of Japanese culture is pointed out. It has become a cause for permitting the rise of revisionists who advocate the thesis of Japanese uniqueness.

In the unique environment that surrounds such companies, because of the sense of apprehension that continuation of true free competition will invite the phenomenon of companies' joint bankruptcy, which could very well shake the foundation of existence of the entire industry, there has come into being a standard of behavior by which *dango* is considered to be a laudable custom of Japanese companies that "one's opponent also survives and ones' self also survives" in order to search for a path to coexistence and coprosperity.

However, to grasp *dango* from only the cultural side ends up losing sight of the essence of the problem. Because, as will be discussed below, it is proven that to engage in *dango* is actually the optimum behavior to maximize company profits. Far from being based on the culture, it is based on pure economic motive; that, too, is *dango*.

Of course, in the light of very general common sense, *dango* is a basically opaque standard of behavior, so it is not something which agrees with the people's moral standard of seeking fairness. Moreover, even as a standard of behavior for the companies of Japan, which aims to be a civilized international country, it lacks universality. It is probably this opacity which has invited U.S. strong distrust.

In short, it means that the standard of behavior of Japanese companies, which was ignored when Japanese economic potential in the world was small, began to be made an issue along with the growth of that potential.

What is necessary now, is not to try to protect a unique standard of behavior while stressing the uniqueness of Japanese society; it is efforts and action for the purpose of maintaining fair bidding. Establishment of a fairer bidding system and enhancement of company ethics are considered necessary, regardless of whether or not there are SII talks and a problem of opening the construction market.

Japan's Bidding System

In order to debate the questions surrounding this *dango*, we cannot evade an analysis of Japan's bidding system.

The contract system for public agencies is established by the "Accounting Act", "Regulations on Budget, Settlement and Accounting" and "Regulations on Contract Business" in regard to the nation, and by the "Local Autonomy Act," "Regulations Implementing Local Autonomy," "Regulations on Contract Business" in regard to local public organizations. But the basic way of thinking about contracts is common to the nation and autonomous body.

According to these laws and regulations, in principle the contracting of public agencies is based on general competetive bidding, but actually almost all contracts are done based on competitive bidding by designated companies. It is because of reasons like the following:

General competitive bidding is a method by which one concludes a contract with the one from among the unspecified large number which applied, which presented the most advantageous conditions (price). Since an unspecified large number can participate, it is the fairest, and the most economic, so it is considered the basic principle for concluding contracts, but it has the defects that the bidding procedure is complicated, and one cannot eliminate successful bids by untrustworthy dealers.

On the other hand, designated competitive bidding is a method by which one designates a number of people whom one recognizes as appropriate in regard to financial resources, trust and other things, and concludes a contract with the one of them who has presented the most advantageous conditions, and is something which compensates for the defects of general competitive bidding. The reverse side of the coin, competition declines, and it easily results in *dango*. But it is used a great deal because one can contract with someone trustworthy.

As elements which characterize this kind of existing system of competitive bidding, we can cite the three points of projected price, minimum limit price and rebidding.

The projected price (P) is the amount considered to be an appropriate contract amount, which is established in advance of the bidding by the person placing the order. The amount of the successful bid (S) must be lower than this amount. The projected price is made based on integration using a standard unit price in line with the market price, and on estimates obtained from a number of people.

The minimum limit price (L) is a price which can be established in competitive bidding based on "construction and manufacturing subconstracting contracts" (Regulations on Budget, Settlement and Accounting and Regulations Implementing Local Autonomy), and is a price established in order to prevent a successful bid at an abnormally low price, and to guarantee the proper fulfillment of the contract. In short, since with subcontracting contracts the actual object which is the objective of the contract does not yet exist at the time of contracting, it establishes a minimum limit price and prevents the instability caused by a low-price contract.

Those who submit bids lower than the minimum limit price end up being eliminated. But in the nation and a number of autonomous bodies a system for investigating low-bids has been adopted, and they are employing a formula that recognizes winning bids, even if they are lower than the limit price, provided there is a rational reason.

The minimum limit price differs by nation and autonomous body. The "Regulations on Contract Business Managed by the Cabinet and the Prime Minister's Office" establishes that in construction subcontracting contracts the amount will be the lower of "an amount arrived at by deducting an amount corresponding to the cost of temporary construction from direct construction costs" and "an amount between one-half and eight/tenths of the projected price."

Furthermore, the "Regulations on Tokyo Metropolitan Contract Business," for example, establish "an amount between two-thirds and eight-tenths of the projected price." This value of two-thirds was employed even in the Regulations on Implementing Road Construction which were established by the Ministry of Home Affairs in 1920. The basis for the size of the minimum limit price is uncertain, but it is probably based on the concept that an amount for a winning bid which is below the industry's rate of added value can be regarded as receiving an order at a loss.

Rebidding is done in the event that the amounts of all bidders were higher than the projected price or lower than the minimum limit price. However, by repeated rebidding the projected price, which is considered to be a secret item, ends up being made clear, so in most cases a system has been established which limits the number of times, ordinarily to three times. Because in an extreme example, if one repeats bidding while lowering the bid Y1 at a time, it would mean that one could with certainty win the bid at the projected price.

What About Profit Deriving From *Dango*

Competitive bidding is carried out under this kind of system, but what about the profit to the bidder deriving from *dango*?

The amount of the successful bid has as its lower limit the minimum limit amount, and, at most, can take an amount up to the projected price. Consequently, the winning bid in cases in which *dango* is realized is determined at a place near the projected price in order to gain as much profit as possible.

The bidder can find out a rough outline of the projected price by the written specifications and shop-floor explanations presented by the one placing the order at the time of the bidding; and, because it is possible to win the bidding virtually at the projected price if one repeats rebidding in small increments. Conversely, the amount of the winning bid under competition where there is no *dango* settles down near the minimum limit price because of the competition effect.

In the final analysis, profit p (the profit of *dango*), which the bidder can gain by *dango*, is, at most, P - L, and this value is equal to the loss which the one placing the order suffered because of bidding *dango*. (But, while the bidding is won by a bid lower than the projected price, which is considered to be a proper amount for the contracting amount, doubt remains as to whether it is all right to take that as a loss).

Let us interpret from this the attitude of someone who approaches competitive bidding in connection with the profit of *dango*.

The following table is an example of the famous "prisoner's dilemma."

Profit of *Dango*

	Attitude of B		
		Cooperation	Betrayal
Attitude of A	Cooperation	(P-L)/2	0
Attitude of A	Cooperation	(P-L)/2	P-L
Attitude of A	Betrayal	P-L	0
Attitude of A	Betrayal	0	0

Dango does not work unless one has the cooperation of all participants, so it is possible to consider this problem by simplifying it into a variable-sum game based on 2 people: A and B.

In the event that both persons enter into *dango* and cooperate, they will be able to divide the *dango* profit (P-L), so both A and B will gain a profit of (P-L)/2 (the upper row is A's profit, the lower row is B's profit). Conversely, if neither cooperates, the profit of both sides becomes 0, so they gain nothing. Furthermore, if when one side moves to cooperate, the other side betrays him, the betrayer gains profit (P-L), and the profit of the one who cooperated becomes 0.

Ultimately, this table tells the following things. If bidding were something that was done only once, it would be better to betray than to cooperate. Because, if one's partner betrays one, one is none the worse for it, and if he moves to cooperate, one will be able to obtain the (P-L) profit, but even if the fact that if one moves oneself to cooperate, the profit will become 0 if one is betrayed is the same, even if one has the cooperation of one's partner, one can only obtain the profit (P-L)/2.

On the other hand, in competitive bidding which is repeated with the same lineup, it is better for the two to repeat while cooperating. Because both can always obtain the profit of (P-L)/2. If they adopt the behavior of betraying each other, they will not be able to obtain a profit.

The "prisoners' dilemma" teaches us that in bidding where the same dealer repeats the bid, as in real bidding, *dango* is more profitable to a company than competition. *Dango* is a very convenient tactic by which one obtains the profit (P-L)/2 without exertion.

The Reason It Lacks Fairness

As we have seen above, under the current system of competitive bidding, one inevitably ends up generating *dango* if one tries to maximize company profit. It is a result which occurs because companies' standards for selection are about the same. It results in the inconvenience of a competitive bidding system, which is predicated on free competition, ceasing to function because of *dango*, and the successful bidder and the price of the successful bid end up being determined only by industry ethics.

The existence of this kind of *dango* does not accord with the moral standards of society, which place a high value on fair, free-competition; so it will be censured as a problem of company ethics.

When we place society's moral standards regarding fair bidding in the vicinity of Adam Smith's "it is precisely the free market which makes possible the optimum allocation of resources," the reasons why *dango* lacks fairness are narrowed down to the two points of (1) because it is not decided by free competition in accordance with clear rules of the public venue of bidding, so in terms of the result, (2) the bidding will be won at a high price.

(1) is an opaque standard which rejected the bidding "market," and is probably behavior about which nothing can be done, even if it is criticized. But, although (2) is harmful to market functions in the same way as (1), winning bids which exceed the projected price, which is

the proper amount for the contract amount, are impossible, so it may be that one should not be criticized all that much even if one were to win the bidding by an amount equal to the projected price. Even though one says the cheaper the better, it is a question of degree: first and foremost, a winning bid which is lower than the minimum limit price is impossible.

Such being the case, one can probably say that what is called fair bidding under the present system is to conduct free competition which observes established rules in a public venue, and does not question the height or lowness of the winning bid price which results.

In one aspect, *dango* has the effect of temporarily stabilizing company management, but under the trend of internationalization of markets it operates as a minus over the medium to long term.

First, it causes the modernization of management and technological innovation to stagnate. It appears as a practice in the unhealthy nature of stockholder's meetings, which still continues now, and also that the fundamental ideas of technology are borrowed from Europe and America. The large-scale construction and civil engineering machines which have come to be used at work sites for architecture and civil engineering are also borrowed from the technology of Europe and America. Moreover, even in the field of semiconductors, on which Japan prides itself, the fundamental idea for the technology is an import from America.

Second, is the fact that one cannot hope for enhancement of the social position or employee morale of *dango* industrial circles. Even if the company's output were unqualifiedly wonderful, because the process started out from *dango*, it would not be possible to gain the dignity and high social position corresponding to the real power that you aught by nature to enjoy. This would also be a great loss for the company's future strategy. In the end, I cannot believe that the existence of *dango* will open up the future of the company.

In order to solve the problem of *dango*, it is necessary to consider it separately as an immediate task and as a medium to long-term task.

An immediate task, predicated on the current bidding system, is to make it open bidding. To be precise, to increase general competitive bidding as much as possible, and to increase the number of designated bidders in designated competitive bidding from the current level of 10 people to the level of 20 people. One should probably consider revising the number of designated dealers, which is 10 or more in the Regulations on Budget Settlement and Accounting and five or more in the Regulations Implementing Local Autonomy, to more than 20 and more than 10, respectively.

Furthermore, opening of the bidding venue to the public, and public announcement of the result of bidding are also indispensable. Opaque bidding behavior manifests itself in the bidding result. Adam Smith points out that under public supervision everyone is forced to restrain the improper use of unrestricted selfishness. Public announcement of the bidding results should be helpful in deterring opaque company behavior and making it more healthy.

In addition, it is probable that the strengthening of the punitive provisions of the Antimonopoly Act, which America is seeking, can not be avoided either. In order to prevent *dango*, along with the sort of guidance toward the proper direction mentioned above, appropriate punitive provisions will be necessary for those who break the rules.

Over the medium to long term, research on a system for the purpose of making possible truly fair bidding, that is, the definition of fairness in bidding, exhaustive debate on company ethics, and on the demands from reality, and establishment of universal rules that will also be valid in advanced foreign countries are necessary. Today, when an international-scale bidding market is expanding, along with enhancement of company ethics, one cannot very well ignore the establishment of universal rules.

One Bright Spot

The free competitive market functions best when the standards of selection of the participants differ from each other. Along with essential reform of the bidding system (including also the kind of things which reduce the effect of *dango*), it is important that all companies not have a standard of selection which is substantially the same, but that the company's own standard of selection be unique.

Companies should abandon the meager ideas that they held under the poverty that continued for a long time after World War II, and should adopt behavior suitable to an advanced economic country; it is important to establish company ethics which agree with the advanced countries of Europe and America and the moral standards of the Japanese people, which seek fairness—in short, an honest attitude which obeys established rules. Misunderstanding is widespread, but Adam Smith's doctrine of laissez-faire does not praise unrestricted economic competition; it advocates fair economic competition equipped with morality and ethics as companions. The ignoring of rules is economic behavior which is not civilized.

America's statements on the occasion of the SII talks have the clarity of the principle which holds that: "In the final analysis, free competition brings about the harmonious development of society." We should not substitute uniqueness or heterogeneity for Japan's irrationality.

Fortunately, there is a ray of light even in this very difficult problem. It is that, as was made clear by various kinds of public opinion polls on the occasion of the SII talks, it is a fact that there is not a big difference between the Japanese people's standard of morality, which seeks fairness, and that of America.

* MPT Plans For First Public Works Projects

912A0061A Tokyo SHUKAN DAIYOMONDO in Japanese17 Nov 90 pp 20-21—FOR OFFICIAL USE ONLY

[Text] Five Pillars

In drawing up the budget for fiscal year (FY) 1991, the Ministry of Posts and Telecommunications (MPT) has vigorously lobbied the Finance Ministry for five projects to upgrade the vital information base (total amount requested: 102.6 billion yen), the main one being a project to improve "communications centers for outlying areas."

If the projects become reality, it will be the first time that the MPT has taken on public works projects.

For the most part, among government agencies that bear the name of a ministry, there are virtually no public works projects that do not receive financial assistance for their administration. The MPT, however, has special accounts for its post offices, savings accounts, and postal insurance, and has not had jurisdiction over such a subsidized project. For example, the MPT's main telecommunications project was taking charge of the old Nippon Telegraph and Telephone (NTT) from planning and design through completion, but the MPT did nothing more than provide administrative guidance.

This style has been virtually unchanged, even with the privatization of NTT and the emergence of such new companies as the second NTT. Within the MPT, however, there are many who maintain that "the structure of the telecommunications network is an excellent infrastructure. There would be nothing strange about using it for public works."

Then came the decision, during the recent Japan-U.S. Structural Impediments Initiative [SII] talks, to take greater steps in public investment (430 trillion yen over the next 10 years). Specifically, the Finance Ministry appropriated a 200-billion yen public works budget in the FY 1991 budget as "a framework to place emphasis on social needs." Many government ministries and agencies got excited about this and decided to address projects that had been under consideration for some time.

The MPT immediately decided on "projects to upgrade the vital information base" in five areas. Among these, the "project to upgrade communications centers in outlying areas" drew attention. Its purpose was to promote the advancement of information to outlying areas, and at the same time add vitality to those areas. Local governing bodies would be the main element in the projects, and specifically, 1,500 municipalities throughout Japan, such as underpopulated areas, mountain villages, snow regions, peninsulas, and outlying islands, where it is difficult to obtain information, would be targeted for private-sector projects.

As for the scale of the projects, with the government picking up half the cost, the price in FY 1991 would be 77.8 billion yen, and the total cost of projects over the next 10 years was estimated to be 416.7 billion yen.

Just what type of projects are being proposed? The MPT has listed these four main projects: (1) Off-talk communications centers (amount requested for FY 1991: 4.5 billion yen); (2) Cable broadcasting centers (FY 1991: 15.6 billion yen); (3) Trunk radio communications centers (FY 1991: 13.6 billion yen); and (4) High-definition television (HDTV) centers (FY 1991: 5.2 billion yen).

The off-talk communications center is a center that provides information to telephone network subscribers, and would provide audio information over four channels, for example village news and notices from municipal offices, to every home by utilizing NTT's off-talk communications service (a service that airs information during unused phone time periods). This could naturally be used for facsimile transmissions as well.

Specifically, estimated costs for the project are 20 million yen for the center facilities and 90 million yen for residential installation (in 3,000 homes). If this project became a reality, it would be possible to provide timely notification of operating conditions of the regularly scheduled boats that are the lifeline of the outlying islands. In snow regions it would be possible to communicate operating conditions of the railroads during winter snow periods. It would also be possible to transmit via remote operation, the live voices of children on school excursions, and to provide notices from municipal offices, farm cooperatives, and schools.

Results in a Short Time

The next type of project, cable broadcasting centers, would transmit video and audio information to every region within a city, town, or village via coaxial cable from the broadcast center facilities. Besides rebroadcasting radio and television programs from NHK and private broadcasters, centers would facilitate independent regional community channels, and would reportedly make it possible to provide feedback such as health reports from residences to the center through two-way service.

As for specific equipment, it is proposed that 175 million yen be provided for the broadcast center facilities, 748 million yen for transmission path installation (cable, etc.), and 135 million yen for residential installation (in 3,000 homes).

If this became a reality it would be possible to provide an entire region with information over channels that specialize in news, sports, or education, and HDTV transmission (more than double the number of scanning lines of current television make it possible to enjoy a clear video image) would even be possible. There would be active communication among residents through community programs and resident-participation programs, strengthening community cooperation in the region.

75

Administrative reports, such as disaster prevention information, could be relayed to citizens, and medical exams and health consultations could easily be carried out.

The third project, trunk radio communications centers, would arm residences with radios and would make it possible to simultaneously provide them with emergency, administrative, or weather information by audio means or facsimile, and at the same time allow emergency communication from private residences. Costs for specific equipment are 20 million yen for center facilities, 66 million yen for relay stations, etc., and 95 million yen for residential installation (in 3,000 homes).

Not only would disaster prevention and administrative reports be transmitted to private homes, but in emergencies police reports would also be dispatched. It would also be possible to use telecontrol management for water supply sources and plastic vinyl greenhouses based on weather reports. Information from elementary and middle schools, PTA's, societies for the elderly, youth groups, and city councils could be sent to interested residents, while residents could make emergency calls to the center to report medical emergencies, fires, or robberies. By making use of satellites, it would be easy to transmit and receive to and from municipalities throughout the country, and over cable TV, information on specialized products.

The fourth type of project, HDTV centers, would transmit satellite HDTV broadcasts, or utilize HDTV software, to permit residential viewing. Specific facility cost estimates are 120 million yen for the center.

HDTV would make it possible to provide the latest foreign and domestic news to individual homes on sparkling clear, large screens. It would also be possible to run the centers economically, in order to get the most out of them by using the facilities for HDTV natural science and art museums, HDTV aquariums, and HDTV museums for the preservation of traditional performing arts.

The MPT stresses that these are ways that "communications centers in underpopulated areas" will be closely connected to the everyday lives of citizens, and the effects will be seen in a short period of time. At any rate, the various media would be in operation in a short time, and each project could be carried out with a budget of several hundred million yen. The MPT claims that, more than anything, "these projects stand out because of their availability to the public, since every resident could utilize them."

Improvement Projects for Portable Communications Bases Throughout Japan

Besides "communications centers for outlying areas," MPT's "project to upgrade vital information bases," proposes 39.3 billion yen in assistance to regional local governing bodies to provide steel towers used by base stations, part of the "project to upgrade portable communications bases throughout Japan," making it possible to use portable phones anywhere. Also, 16.6 billion yen in assistance is proposed for local governing bodies to upgrade relay stations under the "project to solve television reception difficulties."

MPT is requesting 2.5 billion yen in assistance to lay underground communications cable for disaster prevention and improved scenery, under its "project to install underground communications cable" which will produce cities without utility poles. Also requested is 5.3 billion yen in assistance to provide the country with equipment to protect the ozone layer through "projects to provide equipment for the protection of the earth's environment using radio waves," which will preserve the earth's environment by means of radio waves. These five projects to upgrade communications have been requested.

To what degree can it be expected that these projects will be approved? Since the MPT has no prior experience in budget negotiations for public works projects, its ability in that area is considered an unknown quantity, but it is said that there are those in the Budget Bureau of the Finance Ministry who note that "the MPT has a tremendous amount of enthusiasm. Considering the MPT has not been through the grind of budget negotiations, it makes a favorable impression."

Patent Review Delays, Opening of Markets

912A0086A Tokyo TSUSAN JANARU in Japanese Nov 90 p 9—FOR OFFICIAL USE ONLY

[Article by Patent Office director general, Satoshi Uematsu]

[Text] One cannot say that the question of public works investment as the primary focus of the Japan-United States Structural Initiative [SII] talks was not a reasonable outcome with the putting into practice of Reaganomics in the first half of the 1980's, which had as its cornerstone tax reductions aimed at a strong economic recovery in America and increased defense spending, and the disconnect in Japan-United States macroeconomic policy, namely economic operations centered on a restructuring of our country's public finances, which will further accelerate the imbalance between investment and savings that are inherently asymmetrical of each other and will invite a situation resulting in a steady increase in the United States' current red-ink balance vis-a-vis Japan.

Incidentally, the question of processing delays in patent application reviews was in dispute until the last in the SII talks, rivaling public works investment. While I want to clear things up that this problem is a minor happening in the patent area, by chance, unfortunately as it happened, it turned into a companion item; in fact, we must take notice of its being raised as a major problem in the market structure which governs international competition between Japan and the United States in terms of hi-tech.

Although we have seen a resolution that "the utmost effort will be made to reduce, within five years, the period for disposition of patent reviews from the present three years to two years," the fact of the matter is that they were disposed of in two years at the start of the 1980's. The 1980's for the manufacturing industry was a period for seeking ways for survival in the development of new technology and new products, in response to the tide of the high-tech revolution which was nascent, and also, to realize a structural transformation to the frivolous and stunted from profound and huge. And, the market for new manufactured goods which were developed were directed at the United States which had been invigorated by Reaganomics and, in order to effectively guide export competition, the result was a precipitous increase in the number of patent applications made not just in Japan but to the United States. Japanese firms, not one of which 10 years ago had dared come forward, recently have advanced to annual sole possession of fourth ranking in the number of patent applications made to the United States Patent Office. The United States Government has set up a system to process in a year and a half the marked increase in patent applications and into the 1980's was endeavoring to double the number of patent examiners.

On the other hand, in speaking of our own country which accounts for 40 percent of world patent applications, the number of patent examiners only until very recently was being inevitably curtailed due to the pinch of ongoing public financial reform when the numbers of patent examiners should have been on the increase.

The markets of modern advanced nations, whose high-tech products and technology in giving backing to patented inventions create the mainstream of products, are coming to change qualitatively into markets "supported by registration" which form the basis for intellectual property rights, namely patented inventions. A market which cannot back prompt and accurate review of inventions and registration of rights is a defective market. However much one says a market with tariff rates and import procedures is open, a country that can offer only an incomplete market for technologically related products cannot possibly claim that that country's market has been opened. Although there are those who will argue that delays in patent reviews are okay because it makes little ultimate difference, seen from the point of view of a country with relative superiority on a technological level, in the debate over opening markets between this country and that, it is intolerable that this is seen as a closed market which we are loathe to recognize. Ranking with the need for global harmonization of a system for protecting the rights of industry, hence a solution for the delays in the disposition of patent reviews is urgent.

Mongolia

MONTSAME Reviews 9 Jan Press

OW0901192991 Ulaanbaatar MONTSAME in English to BAKHTAR Kabul 1707 GMT 9 Jan 91—FOR OFFICIAL USE ONLY

[Text] Ulaanbaatar, 9 Jan (OANA-MONTSAME)—Today's "ARDYN ERH" reports that President P. Ochirbat will pay an official visit to the United States of America at the invitation of USA President G. Bush in the second half of January 1991. It will be the first ever visit of the head of the Mongolian state to the USA.

According to the paper the State Little Hural Mongolia's standing legislature started discussing the draft labour code of the county.

An interview with C. Purebdorj, Mongolian deputy prime minister who took part in the recent meeting of the Executive Committee of the Comecon is found in the same paper. C. Purebdorj notes that the members of the Comecon are willing to renew this organization in conformity with the requirements of market economy which is at present being introduced into former so-called socialist countries. He underscores that the Mongolian Government stands for reorganizing the Comecon into a new international organization of economic cooperation.

The paper "ARDYN ERH" also runs an article by T. Raashdzebeg, chairman of Law Court from Tub Province, dealing with the issue of updating the system of punishment currently in practice in Mongolia. While pointing [word indistinct] the need to elaborate a well-thought and balanced system of punishment to be used with regard to first offenders he stresses that commutation of penalties for serious criminal offences does not meet the tasks of creating a democratic society in this country.

The same paper makes public an interview with S. Bayarbaatar, minister for trade and industry, on problems connected with supply of the population with consumer goods. According to the minister the current difficulties arising in supply of the population with foodstuffs and industrial articles are of temporary nature and have emerged because of the slackening of control over distribution and failure of enterprises and supply organizations to cope with planned deliveries.

The ruling party paper "UNEN" carries an information on a meeting of the MPRP [Mongolian People's Revolutionary Party] CC [Central Committee] Presidium held to discuss the policy of the MPRP with regard to the main guidelines of the activities of the Mongolian Government for the nearest future adopted recently by parliament. The MPRP Central Committee stated that it will cooperate with all political forces and public organizations for the purpose of rendering assistance to the government in ensuring political stability, discipline, law and order and securing national unity in the interests of creating favourable conditins for the implementation of the government programme.

The same paper publishes an article dealing with renewal of the national education system. It calls for working out and implementing a consecutive state policy in the field of education in order to overcome serious problems it currently faces.